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FISCAL YEAR 2006 DRUG BUDGET

HEARING

BEFORE THE

SUBCOMMITTEE ON CRIMINAL JUSTICE, DRUG POLICY, AND HUMAN RESOURCES

OF THE

COMMITTEE ON GOVERNMENT REFORM

HOUSE OF REPRESENTATIVES

ONE HUNDRED NINTH CONGRESS

FIRST SESSION

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FISCAL YEAR 2006 DRUG BUDGET

THURSDAY, FEBRUARY 10, 2005

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON CRIMINAL JUSTICE, DRUG POLICY AND HUMAN RESOURCES,
COMMITTEE ON GOVERNMENT REFORM,
Washington, DC.

The subcommittee met, pursuant to notice, at 2:45 p.m., in room 2154, Rayburn House Office Building, Hon. Mark E. Souder (chairman of the subcommittee) presiding.

Present: Representatives Souder, McHenry, Brown-Waite and Foxx.

Staff present: J. Marc Wheat, staff director and chief counsel; Nicholas Coleman, professional staff member; Malia Holst, clerk; Tony Haywood, minority counsel; and Jean Gosa, minority assistant clerk.

Mr. SOUDER. Good morning, and thank you for coming. Today we are holding our subcommittee's first official hearing of the 109th Congress, and it is very appropriate that our topic is the Federal drug budget, the money that the U.S. Government spends to reduce drug abuse, whether through law enforcement, drug treatment or drug use prevention. Since its creation, this subcommittee's primary mission has been to oversee all aspects of the Federal Government's approach to the drug abuse problem. This hearing will go to the heart of that mission.

When evaluating drug control policies, we must always apply one simple test: Do the policies reduce illegal drug use? That is the ultimate performance measure for any drug control policy, whether it is related to enforcement, treatment or prevention. And if we apply that test, the Bush administration is doing very well. Drug use, particularly among young people, is down since President Bush took office in 2001. Under this administration we have seen an 11 percent reduction in drug use, and over the past 3 years there has been a historic 17 percent decrease in teenage drug use. That is in stark contrast to what happened in the mid to late 1990's, when drug use, particularly among teenagers, rose dramatically after major declines in the 1980's and early 1990's.

These statistics show that the policies pursued by this administration and the Congress are working. The combination of tough and vigorous law enforcement, treatment of those suffering from drug addiction, and no-nonsense drug abuse prevention and education programs has yielded significant positive results. Our goal is to continue and build on that success by identifying which specific

policies are working best, and which ones could use improvement, and which ones are not working.

The President submitted his overall budget request on Monday. Although the Office of National Drug Control Policy [ONDCP], has not yet issued its annual Drug Budget Summary or its annual National Drug Control Strategy, our review of the overall budget proposal reveals the outlines of the President's drug policy priorities.

First, the President is proposing a significant boost to Federal law enforcement and drug interdiction operations. I support that increase. Without a credible deterrent to traffic, the supply of drugs will simply overwhelm our other programs. Treatment and prevention will not work if drugs are not only plentiful and cheap, but there is no legal penalty or social stigma attached to their sale and use.

The President's boost to Federal law enforcement agencies, however, is accompanied by a substantial proposed reduction in Federal assistance to State and local law enforcement. The administration is asking Congress to eliminate funding for the Byrne Grants Program, to cut funding to the Methamphetamine Hot Spots Grant Program by over 60 percent, and to cut funding for the High-Intensity Drug Trafficking Areas [HIDTA], Program by more than 50 percent. The HIDTA Program budget cuts would be accompanied by a transfer of the remaining funds to the Justice Department's Organized Crime Drug Enforcement Task Force [OCDETF], effectively terminating the program as it currently exists.

These cuts would certainly have a very dramatic impact on drug enforcement at the State and local level, at least in the short term. I am also concerned that the damage to Federal, State and local law enforcement cooperation would be even more long-lasting. Most drug enforcement takes place at the State and local level, not at the Federal level. We need to be very sure that we continue to treat State and local agencies as partners in this effort.

Second, the President is proposing modest increases in drug treatment programs from their currently appropriated levels. I welcome these increases, and I believe that this administration is taking positive steps to improve the performance and accountability of treatment programs. Without effective performance evaluation, it will be impossible for Congress and the public to judge whether various treatment programs are worth the substantial investment they require.

I am particularly encouraged by the administration's continuing commitment to its ground-breaking Access to Recovery [ATR], initiative, which seeks to increase the availability of drug treatment services and to give patients greater control over the kind of service they receive.

Third, the President is proposing deep cuts or level funding for many of our major drug use prevention programs. The administration is specifically asking for the elimination of the Safe and Drug-Free Schools Program, and the level funding of the Drug-Free Communities Program, and level funding of the National Youth Anti-Drug Media Campaign. I have serious concerns about this.

It is true that many prevention programs, particularly the Safe and Drug-Free Schools Program, have had difficulty maintaining an antidrug focus and demonstrating results in terms of reduced

drug use. However, terminating them outright or refusing to fully fund them sends the message that the Federal Government is backing away from prevention. Reducing demand is a crucial element of drug control policy. Rather than terminate prevention programs, we should look for ways to improve them by forcing them to measure their real impact on drug use. The Media Campaign, for example, has already done this. Its studies show that the advertising is reaching its intended audience and increasing their perception of the harms of drug use. The resulting reduction in youth drug use is the ultimate measure of success.

In addition to our discussion of the budget, we will also be addressing the role and the future of ONDCP itself. ONDCP, which was established in 1989, is intended to act as the principal advisor to the President on drug control issues and to coordinate all aspects of the Federal Government's drug control policies. I have ongoing concerns, however, about how much impact ONDCP is having on administration policy. For example, ONDCP appears to have been largely absent in the ongoing debate over how to address the rapid expansion of Afghan opium production since the fall of the Taliban in 2001. Many of my colleagues and I have been very disappointed in the failure of the Defense Department to take effective action against the heroin traffic in Afghanistan; we are now also worried about the State Department's commitment to this program. ONDCP needs to take a more visible and active role in bringing the Defense Department and the other agencies together to craft a workable, effective anti-heroin strategy in Afghanistan.

We plan to address these and many other issues today as we begin the budget process and our work on the reauthorization of ONDCP and its programs this year.

We thank our principal witness, Director John Walters of ONDCP, for agreeing to come and testify today. We also welcome Professor Peter Reuter, a former drug policy advisor to the Clinton administration, whose testimony was requested by the minority. We thank everyone for taking the time to join us, and look forward to your testimony.

[The prepared statement of Hon. Mark E. Souder follows:]

Opening Statement
Chairman Mark Souder

"Fiscal Year 2006 Drug Budget"

Subcommittee on Criminal Justice, Drug Policy,
and Human Resources
Committee on Government Reform

February 10, 2005

Good morning, and thank you all for coming. Today we are holding our Subcommittee's first official hearing of the 109th Congress, and it is very appropriate that our topic is the federal drug budget – the money that the U.S. government spends to reduce drug abuse, whether through law enforcement, drug treatment, or drug use prevention. Since its creation, this Subcommittee's primary mission has been to oversee all aspects of the federal government's approach to the drug abuse problem. This hearing will go to the heart of that mission.

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These statistics show that the policies pursued by this Administration and the Congress are working. The combination of tough and vigorous law enforcement, treatment for those suffering from drug addiction, and non-nonsense drug abuse prevention and education programs, has yielded significant positive results. Our goal is to continue and build on that success by identifying which specific policies are working best, which ones could use improvement, and which ones are not working.

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The President's boost to federal law enforcement agencies, however, is accompanied by a substantial proposed reduction in federal assistance to state and local law enforcement. The Administration is asking Congress to eliminate funding for the Byrne Grants program, to cut funding for the Methamphetamine "Hot Spots" grant program by over 60%, and to cut funding for the High Intensity Drug Trafficking Areas (HIDTA) program by more than 50%. The HIDTA program budget cuts would be accompanied by a transfer of the remaining funds to the Justice Department's Organized Crime Drug Enforcement Task Force (OCDETF), effectively terminating the program as it currently exists.

These cuts would certainly have a very dramatic impact on drug enforcement at the state and local level, at least in the short term. I am also concerned that the damage to federal, state, and local law enforcement cooperation would be even more long-lasting. Most drug enforcement takes place at the state and local level. We need to be very sure that we continue to treat state and local agencies as partners in this effort.

Second, the President is proposing modest increases in drug treatment programs from their currently appropriated levels. I welcome these increases, and believe that this Administration is taking positive steps to improve the performance and accountability of treatment programs. Without effective performance evaluation, it will be impossible for Congress and the public to judge whether various treatment programs are worth the substantial investment they require. I am particularly encouraged by the Administration's continuing commitment to its ground-breaking Access To Recovery (ATR) initiative, which seeks to increase the availability of drug treatment services and to give patients greater control over the kind of service they receive.

Third, the President is proposing deep cuts or level funding for many of our major drug use prevention programs. The Administration is specifically asking for the elimination of the Safe and Drug-Free Schools program, and the level

funding of the Drug-Free Communities program and the National Youth Anti-Drug Media Campaign. I have serious concerns about this.

It is true that many prevention programs (particularly the Safe and Drug-Free Schools program) have had difficulty maintaining an anti-drug focus, and demonstrating results in terms of reduced drug use. However, terminating them outright, or refusing to fully fund them, sends the message that the federal government is backing away from prevention. Reducing demand is a crucial element of drug control policy. Rather than terminate prevention programs, we should look for ways to improve them by forcing them to measure their real impact on drug use. The Media Campaign, for example, has already done this – its studies show that the advertising is reaching its intended audience and increasing their perception of the harms of drug use. The resulting reduction in youth drug use is the ultimate measure of success.

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For example, ONDCP appears to have been largely absent in the ongoing debate over how to address the rapid expansion of Afghan opium production since the fall of the Taliban in 2001. Many of my colleagues and I have been very disappointed in the failure of the Defense Department to take effective action against the heroin traffic in Afghanistan. ONDCP needs to take a more visible and active role in bringing the Defense Department and other agencies together to craft a workable, effective anti-heroin strategy in Afghanistan.

We plan to address these and many other issues today, as we begin the budget process and our work on the reauthorization of ONDCP and its programs this year. We thank our principal witness, Director John Walters of ONDCP, for agreeing to come and testify today. We also welcome Professor Peter Reuter, a former drug policy advisor to the Clinton Administration, whose testimony was requested by the minority. We thank everyone for taking the time to join us, and look forward to your testimony.

Mr. SOUDER. We will do a couple of procedural matters before moving ahead. Before proceeding I would like to take care of several of these procedural matters. First, since this hearing was originally scheduled as a full committee hearing, I ask unanimous consent that all committee members of the full Government Reform Committee present be permitted to participate. I ask unanimous consent. Hearing no objection, so ordered.

I also ask unanimous consent that all Members have 5 legislative days to submit written statements and questions for the hearing record; that any answers to written questions provided by the witnesses also be included in the record. Without objection, it is so ordered.

I also ask unanimous consent that all exhibits, documents and other materials referred to by Members and the witnesses may be included in the hearing record, and that all Members be permitted to revise and extend their remarks. Without objection, it is so ordered.

We have been joined—as Members make their way over from the vote, I went ahead and I did my opening statement so we could get rolling since we are 35 minutes behind.

Let me first introduce two new Republicans on our side before I go to you for an opening statement; you can catch your breath. I am joined by our new subcommittee vice chairman, Mr. McHenry of North Carolina, and also by Ms. Brown-Waite from the west side of Florida, and we appreciate your participation in today's hearing as well.

I now yield to the ranking member, Mr. Cummings, for his opening statement.

Mr. CUMMINGS. Thank you very much, Mr. Chairman. And certainly we welcome Mr. Higgins to our side of the table.

Mr. Chairman, I want to thank you for holding this very important hearing on the President's proposed drug budget for fiscal year 2006. I would like to extend an appreciative welcome to our two distinguished witnesses, the Director of the White House Office of National Drug Control Policy and principal advisor to the President on drug policy, John Walters; and certainly to Dr. Peter Reuter, the founder and former director of the RAND Drug Policy and Research Center and now professor of public affairs in criminology at the University of Maryland School of Public Policy.

As we meet today to discuss the President's proposals for Federal drug control programs and the process by which the Federal drug budget is formulated and defined, drug abuse, addiction and a corrosive and often violent drug economy continue to ravage communities throughout the Nation. These communities are urban, rural and suburban, rich, middle class and poor; and the drug threats they face vary greatly along geographical and demographic lines. It is clear that disadvantaged populations in our Nation's cities are disproportionately affected, however, and nowhere in America are the tragic consequences of drug abuse and drug violence more evident than in my own city of Baltimore, including the neighborhood I call home.

It was just today in the Sun paper the Federal prosecutors took over a State case where a woman had been fire-bombed out of her house because she decided to cooperate with the police with regard

to some drug activity, and, Director Walters, you will recall we dealt with the Dawson case where seven people were incinerated to death because they simply wanted to cooperate with the police with regard to drug activity. And so we see it up front and personal in the 7th Congressional District of Maryland.

The Office of National Drug Control Policy plays an important role in shaping our Nation's response to the drug problem, and I am thankful to Director Walters for demonstrating his concern and compassion for the plight of my neighbors in Baltimore City. And I will say it, Mr. Chairman, that—and I say it to the world—I think John Walters has done an outstanding job; he has been fair; I've never felt one moment of bipartisanship. I feel that you deal with things in a very professional way, and I am glad that you are where you are.

Because the drug problem is so multifaceted, the agencies that address its various aspects are located throughout the government. ONDCP was created in 1988 for the primary purpose of coordinating drug control policymaking among these various agencies.

The ONDCP Director's authority to certify the budgets of the agencies that perform drug control functions is among the statutory tools that ONDCP has at its disposal to ensure that those budgets reflect and advance the President's priorities and goals in the area of drug control. The Director also oversees the formulation of the National Drug Control Strategy, which places the drug budget request and policy objectives in a narrative framework and evaluates the effectiveness of drug control initiatives for the prior fiscal year.

Beginning in fiscal year 2004, ONDCP undertook a restructuring of the Federal drug budget that affects what costs and functions are included in the collection of agency budgets that we call the drug budget for purposes of evaluating and formulating policy. We will look at the implications of that restructuring today, in addition to looking at the drug budget itself.

Although we have yet to see either the President's 2005 strategy or a detailed accounting of the Federal drug budget, the proposed funding for all Federal agencies involved in drug control is set forth in the overall budget request submitted to Congress this week. From that, we can draw some conclusions.

The fiscal year 2006 drug budget is more heavily weighted toward supply reduction than to demand reduction, and to a greater extent than in years past. The fiscal year 2006 budget allocates approximately 39 percent of drug control funding to demand reduction versus 45 percent in fiscal year 2005. Sixty-one percent of the drug control spending is devoted to supply reduction activity, much of it based in source countries.

The total $4.8 billion allocated for demand reduction fiscal year 2006 is not just a smaller percentage of the drug budget, it also represents a net reduction of about $270 million compared to the level appropriated by Congress in fiscal year 2005. The most severe program cut in the area of prevention is elimination of $441 million in funding for grants to States under the Safe and Drug-Free Schools Program within the Department of Justice, and the consequences will be felt in classrooms across the country where States cannot fund drug education on their own. The Drug-Free

Communities Grant Program is funded at $10 million below the authorized level, and the budget of the new Community Coalition Institute is slashed by more than one-half.

In the area of treatment, there are substantial increases for drug courts and the Residential Substance Abuse Treatment Program, but the Substance Abuse Prevention and Treatment Block Grant, the backbone of the Nation's drug treatment infrastructure, and Targeted Capacity Expansion grants are merely level-funded. Within the Center for Substance Abuse Treatment, only the President's Access to Recovery voucher initiative, a new program, that serves only 14 States currently, receives a significant increase.

With regard to domestic law enforcement, the President's budget increases support for the Drug Enforcement Administration, but proposes not only to cut the HIDTA Program by more than $128 million, more than half its fiscal year 2005 budget, but also to move it to the Department of Justice. This would sharply curtail joint antidrug efforts by Federal, State and local law enforcement, and change the flexible nature of the HIDTA Program that makes it so effective and valuable in the Baltimore-Washington region and elsewhere. At the same time, we are increasing funding for supply reduction activities that have yet to fulfill their purpose of affecting the price, purity and availability of dangerous, illicit drugs like cocaine and heroin in the United States.

Although marijuana use among the 8th, 10th, and 12th-grade students has dropped significantly, according to the December 2004 Monitoring the Future survey, the very same survey shows use of cocaine and heroin increasing in the same population subgroup. Thus, while the data allows the President to claim victory in meeting his goal of reducing overall drug use by 10 percent over 2 years, there is a disturbing trend going on with regard to cocaine and heroin, and our Nation's drug policy must be responsive to it.

Mr. Chairman, the significant shifts in drug control funding priorities at the beginning of the President's second term will be attributed in part to the deficit, but the apparent de-emphasis of demand reduction is disconcerting even in that context. The deficit has many effects, but eliminating the unmet need for treatment capacity is not one of them.

I'm also troubled by what drug policy experts outside the administration believe is a rather arbitrary approach to deciding what agencies and functions are included in or omitted from the restructured drug budget. Both of these developments concerning the drug budget raise questions about how ONDCP's statutory authorities are being exercised that we should address today and in the coming months.

I'm really looking forward to a healthy discussion among our colleagues and our distinguished witnesses, and I yield back the balance of my time.

[The prepared statement of Hon. Elijah E. Cummings follows:]

Opening Statement
Representative Elijah E. Cummings, D-Maryland-7
Ranking Minority Member
Subcommittee on Criminal Justice, Drug Policy, and Human Resources
Committee on Government Reform
U.S. House of Representatives
109th Congress

Hearing on "Fiscal Year 2006 Drug Budget"

February 10, 2005

Mr. Chairman,

Thank you for holding today's very important hearing on the President's proposed drug budget for Fiscal Year 2006.

I'd like to extend an appreciative welcome to our two distinguished witnesses:

- the Director of the White House Office of National Drug Control Policy and principal adviser to the President on drug policy, John Walters; and

- Dr. Peter Reuter, the founder and former director of the RAND Drug Policy Research Center, now a Professor of Public Affairs and Criminology in the University of Maryland's School of Public Policy.

As we meet today to discuss the President's proposals for federal drug control programs and the process by which the federal drug budget is formulated and defined, drug abuse, addiction, and a corrosive and often violent drug economy continue to ravage communities throughout the nation.

These communities are urban, rural, and suburban, rich, middle-class, and poor, and the drug threats they face vary greatly along geographical and demographic lines. It is clear that disadvantaged populations in our nation's cities are disproportionately affected, however, and nowhere in America are the tragic consequences of drug abuse and drug violence more evident than in my own city of Baltimore -- including the neighborhood I call home.

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Because the drug problem is so multifaceted, the agencies that address its various aspects are located throughout the government. ONDCP was created in 1988 for the primary purpose of coordinating drug control policymaking among these various agencies.

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The Director also oversees the formulation of the National Drug Control Strategy, which places the drug budget request and policy objectives in a narrative framework and evaluates the effectiveness of drug control initiatives for the prior fiscal year.

Beginning in Fiscal Year 2004, ONDCP undertook a "restructuring" of the federal drug

budget that affects what costs and functions are included in the collection of agency budgets that we call the "drug budget" for purposes of formulating and evaluating policy. We will look at the implications of that restructuring today in addition to looking at the drug budget itself.

Although we have yet to see either the President's 2005 Strategy or a detailed accounting of the federal drug budget, the proposed funding for all federal agencies involved in drug control is set forth in the overall budget request submitted to Congress this week. From that, we can draw some conclusions.

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treatment infrastructure) and Targeted Capacity Expansion grants are merely level funded. Within the Center for Substance Abuse Treatment, only the President's Access to Recovery voucher initiative – a new program that serves only 14 states currently -- receives a significant increase.

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and availability of dangerous, illicit drugs like cocaine and heroin in the United States.

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Mr. Chairman, the significant shifts in drug control funding priorities at the beginning of the President's second term will be attributed in part to the deficit, but the apparent de-emphasis of demand reduction is disconcerting even in that context. The deficit has many effects, but eliminating the unmet need for treatment capacity is not one of them.

I am also troubled by what drug policy experts outside of the Administration believe is a rather arbitrary approach to deciding what agencies and functions are included in or omitted from the "restructured" drug budget.

Both of these developments concerning the drug budget raise questions about how ONDCP's statutory authorities are being exercised that we should address today and in the coming months.

I look forward to a healthy discussion among our colleagues and our two distinguished witnesses and yield back the balance of my time.

##

Mr. SOUDER. Ms. Brown-Waite, do you have any opening comments you would like to make?

Ms. BROWN-WAITE. No, Mr. Chairman, I don't have any opening comments, except to say that I recently sat in a teen court, and if you don't think that the drug problem is very pervasive among teens and very young teens, then I think we're deluding ourselves.

I look forward to hearing the testimony today so that we can have a better handling on where this money is going, and the efficacy of it, too. Thank you.

Mr. SOUDER. Thank you. Mr. HIGGINS. No, thank you.

Mr. SOUDER. Thank you for joining the committee; I look forward to working with you.

Ms. Foxx is another new Member from North Carolina.

Do you have any opening comments?

Ms. FOXX. No.

Mr. SOUDER. OK. Thank you very much.

Director Walters, you know our routine in the government forum, and we need to swear you in as a witness.

[Witness sworn.]

Mr. SOUDER. Let the record show that the witness responded in the affirmative.

Thank you again for your leadership in this very difficult subject where we constantly work at our trials, and hopefully we can make a little progress year by year, but it is a never-ending problem. We thank you for your leadership and thank you for again coming before our committee. I look forward to your testimony.

STATEMENT OF JOHN WALTERS, DIRECTOR, OFFICE OF NATIONAL DRUG CONTROL POLICY, EXECUTIVE OFFICE OF THE PRESIDENT

Mr. WALTERS. Thank you, Mr. Chairman. It is a great pleasure to be here with you and Ranking Member Cummings, who I have had the pleasure of working with over the number of years I have been Director of this office.

I don't look at my job as a hard job, I look at my job as a remarkably beneficial gift to work on something you care about. I know many of you see your service to the country in the same way. And I'm pleased at the opportunity to work with many of you who have given so much and allow us to be more effective in what we do with the executive branch programs that we fund.

I appear before you today, as you have mentioned, to discuss the fiscal 2006 National Drug Control budget. Later this month, in a couple of weeks, we will release the updated National Drug Control Strategy detailing the policies and programs that are part of the fiscal 2006 budget. I appreciate this committee's longstanding support for the President's budget and strategy, and I am pleased to report that partnership, as you mentioned, has produced historic declines in youth drug use between 2001 and 2004, a 17 percent decline nationwide.

We recognize that in some areas that decline has been greater, and in some areas the problem has gotten worse, and in some areas it hasn't gotten better. We do not intend by that number to suggest there isn't more to do; you know that, and we know that. Indeed, our policy and strategy and our budget is designed to cap-

italize on what we have learned over 30 years of struggling with this problem, and it is based on the President's direction that our job is to make that problem smaller as rapidly as we possibly can.

With Congress' support and the President's fiscal 2006 budget, we can keep programs such as the Youth Anti-Drug Media Campaign and others in prevention and other areas of the budget, as within our sight of reaching the President's goal of a 5-year reduction in drug use of 25 percent.

My written testimony discusses the programs across the executive branch in some detail. I would like to ask at this point that it be included in the record, and I will just touch on a couple of points if that's all right, Mr. Chairman.

Just as an overview, the 2006 provides significant resources to reduce the problem of illegal drug use. In total, the National Drug Control budget for 2006 is $12.4 billion, an increase of over $270 million—of almost $270 million, or 2.2 percent, for fiscal year 2005.

In a fiscal year when discretionary spending is essentially frozen, drug control dollars have increased; and at a time when our country is at war, performance and effectiveness matter. The State of the Union, as the President said, in this budget, it substantially reduces or eliminates over 150 government programs that are not getting results, or duplicate current efforts, or do not fill essential priorities. The principle here is clear: Taxpayer dollars must be spent wisely or not at all. I think we can all agree on that point.

In terms of highlights of the Drug Control budget, I will just summarize a couple here and then take questions in followup areas that you have particular interest in.

In continuing programs that we know work, the budget of HHS, Education and ONDCP include funding to support important prevention efforts. Almost 40 percent of the drug budget, as you mentioned, is for drug treatment and prevention. At the Department of Health and Human Services, the fiscal year 2006 budget proposes $150 million for Access to Recovery, a $15.8 million request above the 2005 enacted level for additional treatment, resources. At the Department of Education, the 2006 proposes $25.4 million for student drug testing programs, an increase of $15.4 million over the 2005 enacted level. At ONDCP the 2006 budget proposes $120 million for the Youth Anti-Drug Media Campaign, which is consistent with the enacted level for the current fiscal year.

Funding for supply reduction in the Departments of Homeland Security, Justice, State, Treasury and Defense will support operations targeting the economic bases of the drug trade; domestic, international sources of illegal drugs; and trafficking routes to and within the United States. This is the remaining 60 percent of the drug budget as apportioned among law enforcement, international programs, intelligence spending and interdiction activities. Program areas have recently expanded, as you know, to combat heroin production in Afghanistan.

At the Department of Justice, an additional $22 million is requested for DEA in Central and Southwest Asia operations; in addition, the Organized Crime Drug Enforcement TaskForce fiscal year 2006 request includes almost $662 million for the Department of Justice, over $44 million for the Department of Homeland Security, and $55.6 million for the Department of Treasury.

At the State, the 2006 budget remains committed to our allies in the Western Hemisphere by proposing $734.5 million for the Andean Counterdrug Initiative. And in supporting the fruition of democracy in Afghanistan, the budget proposes $188 million for counternarcotics programs in that country.

In conclusion, I look forward again to working with the committee as we have in the past, and the entire Congress, to implement the policies and programs called for in the fiscal year 2006 budget of the President. What we are proposing we believe will yield continued success.

I thank you, Mr. Chairman, Mr. Cummings, for the opportunity to appear before you today. And for the members of the committee, I look forward to your questions.

Mr. SOUDER. Thank you, Mr. Walters, Director Walters—Mr. Czar, as they called you.

[The prepared statement of Mr. Walters follows:]

Statement by John P. Walters
Director, Office of National Drug Control Policy

Before the House Committee on Government Reform
Subcommittee on Criminal Justice, Drug Policy and Human Resources
Chairman Mark E. Souder, 109th Congress

"Fiscal Year 2006 Drug Budget"
February 10, 2005

Chairman Souder, Ranking Member Cummings, and distinguished Members of the Committee: I am honored to appear before you today in support of the President's Fiscal Year 2006 National Drug Control Budget. Before I proceed, I want to thank the Committee for its strong bipartisan commitment to our shared national goal of reducing drug use in America, especially among our youth.

Later this month, we will release an update to the President's National Drug Control Strategy, detailing the policies and programs that are part of the fiscal year 2006 budget, transmitted to Congress just a few days ago. As part of the Committee's oversight responsibilities, you have invited me to discuss the drug budget, review policies and programs for the coming fiscal year, and discuss my office's role in the development of these proposals. My remarks today will focus on these key points.

I. National Drug Control Strategy

In 2002, President Bush set ambitious goals to reduce teen drug use by 10 percent in two years, and by 25 percent in five years. The Administration has exceeded the two-year goal, with an 11 percent reduction, and over the past three years there has been an historic 17 percent decrease in teenage drug use. Pursuing a strategy focusing on prevention and treatment, as well as law enforcement and international programs, there are now 600,000 fewer teens using drugs than there were in 2001. This is real progress, and the Strategy that will be released later this month will build on this dramatic success. As a preview, I want to take this opportunity to highlight the key themes and programs that are part of the President's 2005 National Drug Control Strategy.

A. Stopping Use Before It Starts: Education and Community Action

Progress in the fight against drugs is to be found in our schools, our neighborhoods, and our workplaces. Attitudes against drug use continue to harden. The number of children using drugs continues to fall. Citizens all across the country are uniting in community coalitions to battle vigorously against drug use and drug dealing in their neighborhoods. Though continuing to decline, the number of drug users is still far too high, and young people remain susceptible to the lure of drugs. This is our continuing challenge that the Drug Strategy addresses through a combination of innovative programs aimed at our youth.

Media Campaign

Prevention programs come in all kinds, and The Strategy discusses an array of prevention programs—including school and community-based programs, student drug testing programs, and public service advertisements. Among these critical programs, ONDCP's own National Youth Anti-Drug Media Campaign leads our efforts to reduce youth drug use. The Youth Campaign is an integrated effort that combines advertising with public communications outreach. It has developed a series of advertisements that change youth attitudes of drug use and coach parents in monitoring teen behavior and promoting early intervention against signs of early drug use. The President's fiscal year 2006 budget proposes $120 million for the Youth Campaign.

We are convinced that the Youth Campaign has been a major contributor to our success. This year's results from the Monitoring the Future (MTF) study conducted by the National Institute on Drug Abuse in the Department of Health and Human Services (DHHS), further consolidate the historic reductions observed in last year's results. In 2003, current use of any illicit drug and current use of marijuana each declined 11 percent—exceeding the President's strategic goal of a 10 percent reduction in 2 years from the 2001 baseline. This year's MTF results indicate that current use of any illicit drug has declined 17 percent since 2001, while current marijuana use has dropped 18 percent.

Exposure to anti-drug advertising has had an impact on improving youth anti-drug attitudes and intentions. Among all three grades surveyed by the MTF over the course of the Youth Campaign, such ads have made youth to a "great extent" or "very great extent" less favorable toward drugs and less likely to use them in the future. Further, more than half of the increase in most of these outcomes among all three grades has occurred in the past three years. This is particularly striking among 10th graders, our primary target audience. With these results, the Youth Campaign will continue as our primary drug prevention program, and I look forward to additional progress in the future.

Student Drug Testing

Three years have passed since the U.S. Supreme Court upheld the authority of public schools to test students for illegal drugs, making this powerful tool available to any school battling a drug problem. Since that historic ruling, a number of schools across the country have seized this opportunity to implement drug testing programs of their own.

Student drug testing programs are an excellent means of protecting kids from a behavior that destroys bodies and minds, impedes academic performance, and creates barriers to success and happiness. Drug testing is powerful, safe, and effective, and it is available to any school, public or private, that understands the devastation of drug use and is determined to confront it. Many schools urgently need effective ways to reinforce their anti-drug efforts. Drug testing can help them.

Indeed, student drug testing is that rare tool that makes all other prevention efforts more effective. By giving students who do not want to use drugs an "out," testing reduces the impact of peer pressure. By giving students who are tempted by drugs a concrete reason not to use them, testing amplifies the force of prevention messages. And, by identifying students who are using illegal drugs, testing supports parental monitoring and enables treatment specialists to direct early intervention techniques where they are needed.

Schools considering adding a testing program to their prevention efforts will find reassurance in knowing that drug testing can be done effectively and compassionately. The purpose of testing, after all, is not to punish students who use drugs, but to prevent use in the first place, and to make sure users get the help they need to stop placing themselves and their friends at risk. Random drug testing is not a substitute for all our other efforts to reduce drug use by young people, but it does make those efforts work better. To help further these worthy programs, the President's fiscal year 2006 budget includes $25 million for student drug testing.

B. Healing America's Drug Users: Getting Treatment Resources Where They Are Needed

As risky behavior goes, drug use ranks among the worst. While it is difficult to draw precise inferences from the data available, the likelihood that an adult who uses drugs at least on a monthly basis (a so-called "current" user) will go on to need drug treatment is approximately one in four—high enough to constitute a substantial risk, which draws millions of people to self-destruction, but low enough that many individuals are able to deny the obvious risks or convince themselves that they can "manage" their drug using behavior.

To assist those who would benefit from drug treatment, the Strategy focuses on innovative DHHS grants, as well as interventions through the criminal justice system. In addition to these avenues, the Strategy supports approaches in a variety of settings to encourage drug users to seek the treatment they need. These include hospital emergency rooms, where doctors are now screening individuals for evidence of drug dependence and referring them to treatment as needed. They also include nonprofit organizations serving the needs of formerly addicted prisoners reentering society. These groups support their clients' first tentative steps in freedom, steering them away from established patterns of crime and drug use and into recovery after what for too many has been a life of addiction.

Access to Recovery

Empowering individuals by allowing them to choose among various drug-treatment programs is a goal of the President's Access to Recovery initiative, which allows drug dependent individuals who are so inclined to turn to faith-based programs in time of need. Access to Recovery also is intended to serve some of the approximately 100,000 individuals who seek drug treatment each year and are put on a waiting list or are otherwise unable to get help.

The Access to Recovery program is the result of the convergence of numerous forces demanding customer choice as well as increased cost-effectiveness, accountability, and results. ATR seeks to leverage the twin benefits of client choice with careful federal oversight and performance measurement, rewarding high-performing providers. The fiscal year 2005 round of ATR funding totaled $99.2 million and supports programs in 14 states and one tribal organization. The President's fiscal year 2006 request contains $150 million for Access to Recovery.

Drug Courts

Drug courts use the authority of a judge to coerce abstinence through a combination of clear expectations and careful supervision—a remarkable example of a public health approach linked to a public safety strategy.

The good news for the individual who is arrested and referred to a drug court is the possibility of avoiding prison entirely, and possibly having his or her arrest record expunged after the fact. The bad news, from the perspective of a long-time drug user, is that the best drug courts are more demanding than prison, with intensive requirements including frequent treatment sessions, regular public hearings, and of course frequent mandatory drug tests.

Drug court programs have a real effect on criminal recidivism. A National Institute of Justice study compared re-arrest rates for drug court graduates with individuals who were imprisoned for drug offenses, and found significant differences. The likelihood that a drug court graduate would be rearrested and charged for a serious offense in the first year after graduation was 16.4 percent, compared with 43.5 percent for non-drug court graduates. By the two-year mark, the recidivism rate had grown to 27.5 percent, compared to 58.6 percent for non-graduates.

The drug court movement continues to grow rapidly. There were just a handful of courts operating in 1991, when the President's National Drug Control Strategy first called attention to the idea. Today there are 1,621 courts currently in operation in all 50 states—an increase of more than 400 courts just in the past year.

To support and broaden this promising trend, the Administration recommends a funding level of $70.1 million for the drug court program in fiscal year 2006. This represents an increase of $30.6 million over the 2005 enacted level. This enhancement will increase the scope and quality of drug court services with the goal of improving retention in, and successful completion of, drug court programs.

Screening and Intervening: Short Circuiting the Path to Addiction

The first priority of the Strategy is stopping drug use before it starts. Robust efforts involving community action and public education are central to an effective drug control program—one that seeks to de-normalize drug use by creating a climate of public intolerance toward the drug using behavior that all too often leads to addiction.

What is considerably less obvious is how to target drug users still on the pathway to addiction—those individuals whose drug use is on the verge of causing noticeable levels of difficulties with work and relationships. It is never easy to identify individuals with such an incipient problem. But a new approach holds much promise, using the reach of physicians to identify problems as early as possible.

This approach, known as Screening, Brief Intervention, Referral and Treatment (SBIRT)—and more informally as "Screen and Intervene"—is being fielded in medical facilities from major city hospital emergency rooms to rural health clinics. The SBIRT approach places drug screening resources where the users are likely to be. In an SBIRT setting, for instance, a motorist involved in an accident may be asked about his drug use history before discharge, and this screening in turn may unearth a developing drug use problem. The Strategy encourages such SBIRT efforts and so, the President's fiscal year 2006 budget includes $30.8 million for SBIRT.

Prescription Drug Safety

Surveys show that the non-medical use of prescription drugs, particularly narcotic painkillers, continues to rise in several populations. The number of people who had used pain relievers non-medically at least once during their lifetime increased 5 percent, to 31.2 million Americans, from 2002 to 2003. Among young adults, the non-medical use of any psychotherapeutics in the past month increased from 5.4 percent to 6 percent. Also among young adults, current non-medical use of pain relievers increased by 15 percent, from 4.1 percent to 4.7 percent.

While this is an emerging drug abuse problem, the challenge it presents is of a different order from the traditional drug threats. Existing as they do in every pharmacy in every city and town in America, prescription drugs are both more ubiquitous and at the same time more susceptible to regulatory control, with the mechanisms to reduce the threat of prescription drug misuse substantially within the scope of state and federal regulatory authority. What is needed is continued improvement in the surveillance of practices like "doctor shopping" coupled with more careful and responsible medical oversight, preserving legitimate access to needed medicines while at the same time deterring unlawful conduct.

State-level prescription drug monitoring programs have taken a leading role in detecting and deterring the diversion of popular prescription controlled substances, such as OxyContin and Vicodin. PDMPs, as they are known, are operational or plan to be operational in 24 states in 2005, with Ohio, Alabama, Wyoming, and New Mexico all establishing programs in the past year. Additionally, at least six states—New Jersey, Tennessee, South Carolina, Iowa, Missouri, and New Hampshire—are contemplating legislation to establish programs of their own. Some states, notably Mississippi and Oregon, expect to implement the program through administrative rule rather than legislation. The Administration strongly supports these PDMP efforts as an effective way to address this problem and accordingly, the President's fiscal year 2006 budget contains $5 million for prescription monitoring.

C. Disrupting the Market: Attacking the Economic Basis of the Drug Trade

The strategy of the U.S. Government is to disrupt the market for illegal drugs—to do so in a way that both reduces the profitability of the drug trade and increases the costs of drugs to consumers. In other words, we seek to inflict on this business what every licit business fears—escalating costs, diminishing profits, and unreliable suppliers.

To disrupt effectively major drug markets, it is important that U.S. law enforcement and our allies approach this problem strategically, as a market. Many drug trafficking organizations are complex, far-flung international businesses, often compared to multinational corporations. Still other successful international trafficking organizations function as *networks*, with business functions accomplished by loosely aligned associations of independent producers, shippers, distributors, processors, marketers, financiers, and wholesalers. Such networked organizations pose special challenges to law enforcement and interdiction forces, since by the very nature of a network, the system is resistant to the disruption or dismantling of individual elements. As The Strategy demonstrates, networked organizations are not immune from severe disruption and dismantlement. The way to severely damage a networked organization is repeatedly to damage or destroy most of the

elements in one horizontal layer of the network—especially a layer requiring critical contacts or skills—at a rate higher than the organization's ability to replace them.

The Strategy describes how the United States Government, in concert with international allies, is seeking to target networks by attacking entire business sectors, such as the transporter sector. The Strategy lays out several examples, including destroying the economic basis of the cocaine production business in South America by fumigating the coca crop; seizing enormous and unsustainable amounts of cocaine from transporters; and selectively targeting major organization heads for law enforcement action and, ultimately, extradition and prosecution in the United States.

Colombia and the Andes

Cocaine production in the Andes is—for the third straight year—headed in the right direction: down. Production levels are below 1999 levels and dropping. An aggressive program of eradication, begun in earnest with the election in mid-2002 of Colombian President Alvaro Uribe, has cut Colombia's potential cocaine production by one-third as compared with the year before he took office. And while final production estimates for last year are not yet available, 2004 was the fourth consecutive record year for eradication, with 131,824 hectares sprayed by the aerial eradication forces of the Colombian National Police against coca plantations that totaled 113,850 hectares at the end of 2003. In other words, Colombian forces sprayed enough herbicide to cover more than the entire coca crop as it stood at the beginning of 2004, leaving many growers in the unenviable position of replanting at a furious pace to maintain production, relocating to other areas, or getting out of the business altogether. Additional amounts were eradicated manually.

Crucially, progress in Colombia has not been offset by increases in Peru or Bolivia. There was a net decrease in the total area cultivated in those countries in 2003, including a remarkable 15 percent drop in Peru. Only trace amounts of coca are cultivated in neighboring Venezuela, Ecuador, Panama, and Brazil.

Coca eradication remains the most strategic element of our strategy in Colombia because of the crop's inherent vulnerability. We can locate the coca fields and destroy them before the raw material is harvested and processed and becomes invisible in the illicit smuggling world. Large-scale eradication is an effective means of targeting trafficker networks because most growers are affected, reducing the production available to all traffickers. When Colombia is producing one-third less cocaine than it was just two years earlier, there simply is less to go around.

Further, the Government of Colombia continues its relentless attack on poppy cultivation and heroin production. Eradication programs supported by the United States Department of State sprayed or manually eradicated 4,152 hectares during 2004—an amount close to the entire poppy crop planted at the end of 2003, the most recent year for which cultivation data are available. To put additional pressure on heroin traffickers, President Uribe has advanced an initiative to seize farms involved in the cultivation of illicit crops, especially poppy.

As part of the President's Global War on Terror, supporting democracy, and reducing the flow of illicit drugs into the United States, the President's fiscal year 2006 budget includes $734.5 million for the continuation of the Andean Counterdrug Initiative.

Consolidated Priority Organization Target (CPOT) List

Organizations are built around people—managers, leaders, and implementers. Whether in business or in the criminal underworld, whether in traditional linear organizations or in networked organizations, people are at the core of successful organizations. A first step toward dismantling a trafficker network is to identify these key leaders, then dismantle the organizations they manage. Over the past two years, the U.S. Government has identified 58 such major trafficking organizations, 12 of which have links to terrorist organizations, and added them to the CPOT list.

Focus is important, in law enforcement as elsewhere—and focus has paid off. In two years we have dismantled 14 organizations while severely disrupting an additional eight. The heads of 17 CPOT organizations—nearly 30 percent of the total CPOT targets—have been arrested. Organizations dismantled during fiscal year 2004 were responsible for shipping an estimated 44 metric tons per year of cocaine—and 500 kilograms per year of heroin—to the United States.

Afghanistan

Progress toward a safe and democratic Afghanistan has been steady and significant. That progress, however, faces a threat that requires renewed attention by the Afghan government and a helping hand from the international community. The threat is illegal drugs and a booming drug trade that transforms innocent and otherwise honest farmers into laborers trapped in the service of a criminal enterprise. The trade in illegal narcotics, if left unchecked, threatens to crowd out legitimate enterprise and undermine institutions. The challenge is to free Afghan farmers from their dependence on poppy cultivation, so that they may become producers of crops that feed their people and grow their nation.

Narcotics production has been a major problem for Afghanistan for the better part of a decade. It is a problem that the Afghan people clearly recognize, and one that will be solved only with their determined leadership and perseverance, along with the assistance of the international community. It is by no means a problem that defies solution: Colombia's dramatic progress against a pervasive narcotics trade demonstrates the power of credible, coordinated, and comprehensive policies to reduce the destabilizing threat of drugs. Working with the United Kingdom, the United States is prepared to assist Afghanistan in this effort. This initiative is a major international component of the Strategy and the President's fiscal year 2006 budget request includes an increase of $166.2 million to support the State Department's counternarcotics programs in Afghanistan.

Synthetic Drugs

Globally, the production and use of the synthetic drugs amphetamine, methamphetamine, and MDMA (Ecstasy) remain a serious problem. There are numerous foreign sources for synthetic drugs and their precursors, including countries in Asia, Europe, and North America. Use patterns are strongly regional, with methamphetamine consumed in the United States and Asia. Amphetamines and Ecstasy are the drugs of choice in Europe. U.S. law enforcement continues to act in cooperation with law enforcement officials worldwide to disrupt foreign sources of the bulk pseudoephedrine and ephedrine that are used to produce methamphetamine consumed in the United States. The Strategy will continue its emphasis on confronting and disrupting the synthetic drug markets through both organizational attack activities targeting major synthetic drug trafficking organizations and chemical

control initiatives focused on keeping the essential precursors out of traffickers' hands. In combination, the aggressive application of organizational attack and chemical control programs can disrupt the illicit synthetic drug market.

II. Fiscal Year 2006 Budget Highlights

The President's fiscal year 2006 budget provides significant resources for reducing illegal drug use. The proposed funding levels support the three key priorities of the Strategy. In total, the National Drug Control Budget for fiscal year 2006 is $12.4 billion, an increase of $268.4 million (+2.2 percent) over the fiscal year 2005 enacted level of $12.2 billion.

Demand reduction programs supported by the Department of Health and Human Services will maintain support for innovative approaches targeting early intervention and drug treatment. The budgets of HHS, the Department of Education, and ONDCP also include funding to support important prevention efforts. Funding for supply reduction in the Departments of Homeland Security, Justice, State, Treasury, and Defense will support operations targeting the economic basis of the drug trade, domestic and international sources of illegal drugs, and trafficking routes to and within the United States. The budget includes significant resources to aid counternarcotics efforts in Afghanistan while following through in Colombia and the Andean region.

Prevention

- **Education—Student Drug Testing: +$15.4 million.** The President's fiscal year 2006 budget proposes $25.4 million for student drug testing programs. This initiative provides competitive grants to support schools in the design and implementation of programs to randomly screen selected students and to intervene with assessment, referral, and intervention for students whose test results indicate they have used illicit drugs. Funding of $2 million made available during each of the first two years of this initiative was used by 79 middle and high school administrators for drug testing programs. These efforts send a message that local community leaders care enough to help those students showing warning signs of drug abuse and that they want to provide a drug free learning environment to all students. With increased funding in FY 2006, more schools will have access to this powerful tool.

- **Education—Research-Based Grant Assistance to Local Educational Agencies (LEAs): +$87.5 million.** This enhancement will support the implementation of drug prevention or school safety programs, policies, and strategies that research has demonstrated to be effective in reducing youth drug use or violence and for implementation and scientifically based evaluation of additional approaches that show promise of effectiveness. Under this proposed new activity, grantees would be required either to carry out one or more programs, practices, or interventions that rigorous evaluation has demonstrated to be effective, or to carry out a rigorous evaluation of a promising program, practice, or intervention to test its effectiveness and thereby increase the knowledge base on what works in the field. In making awards, the Department of Education would ensure the equitable distribution of grants among urban, suburban, and rural LEAs.

Treatment

- **Substance Abuse and Mental Health Services Administration (SAMHSA)—Access to Recovery: +$50.8 million.** Through Access to Recovery (ATR), the President is committed to providing individuals seeking alcohol and drug treatment with vouchers for a range of appropriate community-based services. The FY 2006 budget proposes $150 million for ATR, an increase of $50.8 million over the FY 2005 enacted level. By providing vouchers, ATR promotes client choice, expands access to a broad range of clinical treatment and recovery support services, and increases substance abuse treatment capacity. Vouchers may be used to access a variety of services, including those provided by faith- and community-based programs.

- **Substance Abuse and Mental Health Services Administration (SAMHSA)—Screening, Brief Intervention, and Referral to Treatment (SBIRT): +$5.8 million.** The purpose of this initiative is to intervene early with users and stop drug use before it leads to abuse or dependence. This initiative will improve treatment delivery to achieve a sustained recovery for those who are dependent on drugs. SBIRT is designed to expand the continuum of care available to include screening, brief interventions, brief treatments, and referrals to appropriate care. By placing the program in both community and medical settings such as emergency rooms, trauma centers, health clinics, and community health centers, the program has the ability to reach a broad segment of the community.

- **Office of Justice Programs—Drug Courts Program: +$30.6 million.** The President's Budget includes funding of $70.1 million for the drug courts program in FY 2006. This enhancement will increase the scope and quality of drug court services with the goal of improving retention in, and successful completion of, drug court programs.

Market Disruption

- **DEA—Priority Targeting Initiative: +$22.6 million and 55 Special Agents.** This initiative will strengthen DEA's efforts to disrupt or dismantle drug trafficking and money laundering Priority Target Organizations, including those linked to trafficking organizations on the CPOT list.

- **DEA—Central/Southwest Asia Operations: +$22 million.** This proposal will provide permanent funding for Operation Containment in Afghanistan and will ensure full DEA support for the on-going interagency efforts of poppy investigation and enforcement. DEA, in combination with the Departments of State and Defense, is implementing a comprehensive counternarcotics strategy aimed at reducing heroin production in Afghanistan and contributing to the stabilization and redevelopment of the country.

- **Organized Crime and Drug Enforcement Task Forces (OCDETF)—Fusion Center Initiative: +$14.5 million.** This request provides base funding for the ongoing operations and maintenance of the OCDETF Fusion Center beyond FY 2005. The Fusion Center has been developed to collect and analyze drug trafficking and related financial investigative information and to disseminate investigative leads to the OCDETF participants.

- **OCDETF—Redirection of FBI Drug Resources: +$50.0 million.** This initiative redirects $50 million from the FBI's direct drug budget by providing these resources as part of OCDETF. This funding can be effectively focused on targeting major drug trafficking organizations and their financial infrastructure. The infusion of these resources will increase OCDETF's ability to disrupt and dismantle major international, national and regional networks, particularly to the extent that such organizations are engaged in financial crimes, public corruption and other activities within the expertise of the FBI.

- **OCDETF—Assistant U.S. Attorney Initiative: +$5.9 million.** This request provides 41 new attorney positions to address existing staffing imbalances within the U.S. Attorney workforce and, thereby, achieves an appropriate balance between investigative and prosecutorial resources.

- **Department of State—Andean Counterdrug Initiative (ACI): $734.5 million.** This request will fund projects needed to continue the enforcement, border control, crop reduction, alternative development, institution building, administration of justice, and human rights programs in the region. The ACI budget provides support to Colombia, Peru, Bolivia, Ecuador, Brazil, Venezuela and Panama. Also included in the FY 2006 ACI request is $40.0 million for the Critical Flight Safety Program. This program will stop degradation and extend the life of Vietnam-era aircraft in order to maintain a viable fleet for counternarcotics missions.

- **Department of State—Afghanistan: +$166.2 million.** The President's Budget includes an increase of $166.2 million in support of counternarcotics programs in Afghanistan. This enhancement will bring the Department's total Afghanistan counternarcotics funding to $188.0 million in FY 2006. Funds will be used to support the Central Poppy Eradication Force of 100-member Afghan teams to continue the annual poppy crop eradication campaign and to continue to develop Afghan drug law enforcement capacity. These resources will also support a demand reduction program and a public affairs campaign aimed at reducing use and publicizing the eradication program.

III. Budget and Performance Integration

The Administration is committed to integrating performance data more closely with budgets. This has been institutionalized through an assessment of federal programs as part of the budget process—the annual Accountability Report required under the *Government Performance and Results Act*, and, more recently, the Program Assessment Rating Tool (PART). The PART is used to review 20 percent of federal programs every year. During the FY 2004 budget cycle, eight federal drug control programs were rated, and in the FY 2005 budget cycle, an additional four programs were reviewed. In the FY 2006 cycle, three more programs were assessed, bringing the total to 50 percent of the drug control budget.

The PART evaluates a program's purpose, planning, management, and results to determine its overall effectiveness rating. It is an accountability tool that attempts to determine the strengths and weaknesses of federal programs with an emphasis on the results produced. Programs that have not demonstrated results or are evaluated as being ineffective have been subject to much greater scrutiny during the formulation of the President's budget and as part of ONDCP's review of agency drug control spending.

For fiscal year 2006, two prominent drug control initiatives modified as result of their performance are the High Intensity Drug Trafficking Areas (HIDTA) program and the Safe and Drug-Free Schools and Communities (SDFSC) program:

- **HIDTA**—The PART assessment found that HIDTA has not been able to demonstrate results. As a consequence, the 2006 budget significantly restructures the program. The budget proposes moving the HIDTA program to the Department of Justice (DOJ) at a reduced funding level of $100 million. This will enable law enforcement managers to target the drug trade in a strategic manner that is complementary of the reorganized OCDETF program, and that preserves the program's worthy elements such as intelligence sharing and fostering coordination among state and local law enforcement agencies. DOJ will retain the program's strong focus on supporting state and local law enforcement efforts, but will reformulate its operations to function within current funding levels. Criteria for retaining HIDTA designation will favor regions best able to support the priorities of the President's Drug Strategy.

- **SDFSC Grants**—The President's FY 2006 budget proposes to terminate funding for SDFSC State Grants, given the program's inability to demonstrate effectiveness and because grant funds are spread too thinly to support quality interventions. Instead, the request includes significant increases for SDFSC National Programs activities that provide direct support to LEAs, in sufficient amounts to make a real difference. The Department of Education's SDFSC National Program proposal will support drug prevention and school safety projects that are structured in a manner that permits grantees and independent evaluators to measure progress, hold projects accountable, and determine which interventions are most effective.

By integrating program goals and effectiveness information into the National Drug Control Strategy, the Administration has provided a sound basis for program accountability through the adjustment and reallocation of scare federal resources to programs that are successful and can demonstrate results.

IV. Development and Oversight of the National Drug Control Budget

ONDCP plays a critical role in formulating the National Drug Control Budget through the authorities provided by Congress. Our authorizing legislation is now expired, but during this first session of the 109th Congress, the Administration will seek to reauthorize ONDCP, retaining our current budget and policy oversight responsibilities. I know these activities are of keen interest to this Committee. This legislation is critical to fulfilling our mission.

ONDCP Budget Authorities

ONDCP authority to assist in coordinating the President's drug control program includes the important ability to review agency budgets. This is a two-tiered process, consisting of a summer review of bureau-level submissions and a fall review and certification of agency submissions. For each of these stages of review, budgets are judged based on funding guidance I am required by law to provide to the Cabinet in the spring. My evaluation of these proposals is also closely tied to demonstrated results from these drug programs. ONDCP's budget review and certification process is an instrument in focusing resources toward critical initiatives that support the President's Drug Strategy.

Modified Budget Presentation

Since ONDCP was last authorized, there has been one very significant change to the drug budget process that has significantly enhanced ONDCP's ability to provide effective oversight of drug control programs—a restructured presentation and accounting of the drug budget. This proposal was initially communicated to Congress in the February 2002 Strategy documents. It was fully implemented in the fiscal year 2004 Budget of the President, transmitted to the Congress the following year.

Prior to this change in the budget, the drug control program consisted of close to 50 budget accounts totaling $19 billion. Independent analyses of these budgets commissioned by ONDCP[1], as well as required reviews by department Inspectors General[2] identified significant weaknesses in these budget presentations. Many of these issues were associated with the drug budget methodologies used by agencies to estimate drug spending. Drug budget methodologies were imprecise and often had only a weak association with core drug control missions. The revised budget presentation provides a greater degree of accountability for federal drug control programs.

The basic shortcoming associated with the old drug budget was that much of the funding displayed did not represent real dollars in the President's Budget. Drug budget calculations were not transparent to the public, Executive Department officials, or Congress. The drug budget generally did not represent funds that could be readily found in individual agency budget documents or accounting systems. Since the drug budget was a collection of estimates based on percentages of many accounts, it was wholly an artificial construction. To correct this fundamental deficiency, the revised drug budget was restructured to display, to the extent possible, actual funds found in the President's Budget.

If possible, all drug control funding would be directly appropriated by Congress into separately identified accounts reflected throughout the Federal Budget. However, there are many practical limitations associated with implementing such an approach, and although the revised budget still includes funding for some agencies (i.e., Homeland Security and Veterans Affairs) that is based on complex methodologies and calculations, the new budget structure is a vast improvement over the old accounting system.

V. Conclusion

The Administration looks forward to working with this Committee and the entire Congress to implement the policies and programs called for in the President's Fiscal Year 2006 Budget. What we are proposing will yield continued success. Together with Congress, we can achieve the kind of progress that will improve the lives of our children and make us all proud. As President Bush indicated in releasing the National Drug Control Strategy last year: "Our Strategy proposes a

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[1] Patrick Murphy, Lynn E. Davis, Timothy Liston, David Thaler, and Kathi Webb, *Improving Anti-Drug Budgeting* (Santa Monica, CA: RAND, 2000).

[2] 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).

remarkable and unprecedented array of drug control programs, treatment initiatives, and media campaign efforts. But more than any program, it seeks to engage the desire of all Americans to make this a better Nation, facing down the lie of addiction, and offering the hope of recovery."

Mr. WALTERS. I spent a lot of time telling school kids there are no czars in America, and there are a lot of people who died to make sure there never will be.

Mr. SOUDER. Thank you.

I have many questions today, but let me start with kind of a general concern about some of the smaller programs within ONDCP that I believe are indicative of a larger concern that I have, and many other Members have, with the budget proposal list coming toward us.

I'm going to roll several things together. These things are going to be, for the most part, pretty familiar with inside your Department, and I would like you to respond, because collectively these raise the specter to me of what happened under the Clinton administration when he first became President. They basically gutted the drug czar's office, it was one quick swoop from 120 staff down to 20 staff, and we watched drug use soar in the United States, and we are still trying to catch back up.

Now, let me illustrate a couple of things. The administration requested $2 million less, basically a 10 percent cut in your own budget, for administration in the Office of ONDCP. You also have positions for Administrator of the Drug-Free Communities Program, which is acting; Keith Sanders' position in the Counterdrug Technology Assessment Center, which is acting; the Deputy Director of Supply Reduction, which is acting; Deputy Director of Demand Reduction, which is acting. Now, there is nothing necessarily wrong with any of the individuals, but this is not exactly a heavy commitment out of the administration to get these people into a nonacting position and to firm up the funding and appointing of people.

Furthermore, to get into some other illustrations that we have concerns with, the administration proposes to eliminate $1 million for the National Alliance of Model Drug State Laws, which has been very critical in trying to develop laws across the country for States. Administration has proposed to substantially reduce the CTEC Program, the Counterdrug Technology, and particularly the research part gets cut almost 50 percent. The Technology Transfer Program gets cut also by about—it looks like about 20 percent. Meanwhile, it's increased, as a small program, the U.S. Anti-Doping Agency, to $7.4 million, and world dues to $2.9 million for Anti-Doping.

Now, we've all talked about steroid use, we've all talked about the problem with athletes, but when you look at the overall problem—when we say we're going to do performance measurements here—and we look at the impact that we're having in the technology assessment areas, in the areas of your own staff of Model State Drug Laws, and the huge abuse of marijuana in our society and of meth in our society, and then to take money from these programs and put huge increases in one shot into a steroid program, this more looks like it's a news release thing than actual measurement of what's going to reduce drug use in the United States. So first, in these smaller programs inside your agency, I have deep concerns about what they're doing to your particular department.

Mr. WALTERS. There is some confusion, and so let me try to untangle some things in the presentation; I apologize if it's not as clear as it should be.

My agency is the Federal agency that is the pass-through to the Olympic movement. The World Anti-Doping funding and the U.S. Anti-Doping Agency funding could be put in another agency; and those institutions have been stood up, they've been establishing what the various nations' contributions are going to have to be, and our request corresponds to the responsibility of the United States, because it falls to the Federal Government to pay these dues. Those are simply a matter of we're members, the money comes through my office, and we are the pass-through agency.

On the other programming areas, first, we have made a decision about the relative value in areas of investment. I recognize reasonable people can differ about how you apportion what percentage of money for technology transfer; in my office, for research. We believe both of them are important. And again, I would say in this budget environment, as you know better than I know, we have more money in the drug budget. That did not happen by accident. That is a competition about resources and effectiveness; and again, it is a competition that will be played out here in Congress, I know, as well. So we will—we believe—in the programs that we are sustaining, we are sustaining because we believe in them. As you see, we have programs that we don't believe are working, and we have cut them. So we have been—and we have, in some cases, eliminated them.

In terms of the personnel, let me just say, two of the positions you raised are Presidential-appointed positions that require confirmation. The incumbents left those positions late at the end of the first term. We made the decision that it was not feasible, given timing, to nominate and confirm such an individual late in the term. We are in the process of working with the White House to identify appropriate candidates and to nominate them.

Some of the other positions that are more senior, we are moving to fill those. Some of them are senior enough, frankly, that there has also been a custom where, you know, depending on who is going to be the incumbent administration, to allow them to select their own senior people.

We remain funded. We are making some cuts that I believe are warranted by the efficiencies we've been able to establish with regard to my own personnel. We believe that responsibility for efficiency is not just elsewhere; we're a management agency helping the White House and the executive branch make wise decisions and give information to Congress about what works and what doesn't and where we can properly make investments. We try to make sure that we're a good example of that.

But the effort to sustain programs that are working is something that I think we all believe in. And I also think that we all believe that just because something has a title on it and says it goes to do something that's worthwhile, if you spend money on that and it doesn't work, it doesn't serve the children or the adults or the people who need treatment or the people who need public safety. The goal is to try to fix these things and to provide, where we can, more efficient use of dollars. We all wish there were more dollars,

and you feel that as well as I do, but there aren't. And we have made what we believe are recommendations in this budget that will allow us to follow through with prevention and treatment and law enforcement.

Essentially what the budget does, as the chart here shows, is if you take the five functional areas of the budget, we have asked for roughly 26 percent of the budget to go to treatment, 12½ percent to go to prevention, 27 percent to go to domestic law enforcement, 23.2 percent to interdiction, and 11 percent to international. We are going to spend more money on treatment than we do on interdiction; we're going to spend more money on prevention than we are on international programs under this budget. We think that is a kind of balance.

Now if we were in a world where some of the demands on us weren't what they were in Afghanistan or somewhere else, would we move some of those dollars around? Of course we would. But we think that part of the integration involves doing things that have to be done internationally. And I will point out one example which I believe you are all familiar with.

Last year, in the last calendar year, through the help of the Colombians, who have now reduced—and we don't have 2004 numbers yet, but just the 2002 and 2003—30 percent of the coca that produces cocaine, most of which comes to the United States. And in the last year our interdictors and their people in staging areas seized 400 metric tons of cocaine. That did not come into the cities and the communities of the United States.

Now, we all want this to be more aggressive. We are all hopeful that the acceleration in Colombia and our ability to control borders and interdict will help prevent the poison as we treat the people who suffer from the poison, as we prevent young people from going down that path. But again, this is a supply and demand problem; we're trying to control both parts. And we are trying to apportion resources across programs that work—treatment, prevention, public safety—here at our borders, and international programs that will make a difference, because, of course, much of the substances that we face come from outside our borders.

Mr. SOUDER. Before yielding, and I'm going to in a second, I'm going to do a series of questions in the second round that are in depth because this is—we're trying to understand the budget directly.

As I understood you to say you felt that you were 10 percent overstaffed—you said through efficiencies you were able to absorb this, which is a way of telling us you are 10 percent overstaffed—that several of your acting positions are—in fact, you had a reason for; several others were less clear to me. But what my problem is with this in general is we're having the same problem over in the Department of Homeland Security. We have a Director—a Coordinator of Narcotics that has been put in a detailed position, they wouldn't fund it. They zeroed out the category for Director of Narcotics. So this is a pattern across the administration, not just a random thing.

The Anti-Doping you said was a pass-through; is that correct? So did you support that or not support that?

Mr. WALTERS. Yeah; we believe that the United States should be a contributor to these programs that provide integrity and, in fact, become a model for our own professional athletic enterprises as well; and they keep, obviously, the Olympic movement better protected from doping as a form of change in chemistry.

Mr. SOUDER. And as I understood, you said you're putting hard measurement criteria on this, and we would like for our committee's record the hard measurement criteria that the Model State Drug Laws have not, in fact, contributed to a reduction in drug use that you said in your testimony, because I presume if you propose zeroing it out, that they must not have worked. If you propose increasing the dues for the U.S. Anti-Doping Agency apparently, internationally, you have more evidence that their program works than I do.

If you have evidence that CTEC didn't work and deserved a 20 percent cut, or that their research program deserved a 40 percent cut, we would like that provided to the committee; because if this is evidence-based, not budget-based, then there should be some evidence.

Mr. WALTERS. Look, I've always been candid with you, I'll be candid here—and I would if I wasn't under oath. I am under oath.

We are trying to make decisions, as you know, about programs and their effectiveness. We have a certain amount of resources we can spend. So some things can work but not be a high priority. Some things can work to a certain degree, but they're not efficient enough to—we're making judgments; we don't have a machine that's like a thermometer that says you've got 80 degrees, you get $80. We are making judgments, and I recognize reasonable people could differ.

On the World Anti-Doping, that's a dues. We have to pay that or we don't get to compete in the Olympics, and we've agreed to make commitments to try to participate. That money happens to go through my office. It could go through HHS, it could go through another agency. That's just a matter of where it was lodged before I got here.

On the issue of CTEC and others, certainly reasonable people could differ about where you want to put dollar for dollar. We've made a judgment. And in my office, with the number of people—I didn't have people sitting around, you know, making chains of Styrofoam cups—but I have made, through our efforts at creating a work force that is more effective in building efficiencies to work on focusing on people, what we think are prudent adjustments in the work force.

I have been in government long enough to be in a situation—I'm not saying that you're putting me in that—where people make those kinds of adjustments and then are punished for coming forward and saying, I can be more efficient, I want to take less, and people who fought for the appropriation, Appropriations Committee punishing you for doing that because they think you kind of undermine changes they made.

I hope we can be fair enough here to say, look, we want the agencies to be more efficient. This isn't about how many bureaucrats it takes to do the job, it's about the job we do for the country and if we can be more efficient. Nobody is gutting my office, nobody is

forcing me to take fewer people. I am suggesting that we can consolidate and focus our energies in ways that as we've seen, since I've been in the office for about 3 years, that will allow us to be more effective in the future with fewer people. I think that's what you want.

Mr. SOUDER. Just for the record, the Technology Transfer Program is a model program that we are actually trying to set up and copy in Homeland Security that gets night vision goggles, it gets radios, it gets key things for local law enforcement to try to help them compete with the increasing sophistication of drug dealers across the country. You had set up a model program. We get a model program, and then we propose gutting it; and what it looks to me is it is a move to dollars to Federal programs and away from State and local efforts, and that is the difference in policy.

Mr. Cummings.

Mr. CUMMINGS. Thank you very much. Thank you, Mr. Chairman.

I want to just piggyback on some of the things that the chairman has said.

When, say, for example, the President and his Cabinet, and you, I guess, propose to eliminate the Safe and Drug-Free Schools grants to States, and to cut the HIDTA budget by $100 million, I just want to know, were you for that?

Mr. WALTERS. Yes, sir.

Mr. CUMMINGS. Were you for that? And how does that process work?

Let me tell you why I'm asking. I'm not trying to—I just want to know, because this affects a lot of people. And I think that when you've got employees who—I mean, I've sat and talked to some of these wonderful, brave folks that work in HIDTA, and a lot of them are putting their lives on the line every day. And one of the things that they like to feel is that the people who are at the top are supporting them; I mean, that is just good for morale. And I think what I am trying to figure out, for my sake and for theirs, is how does that process work? And then I would like to hear specific comments about HIDTA and about the Safe and Drug Free Schools programs. I'm just using those two.

Mr. WALTERS. Well, if you want—the general background is, in terms of the construction of the budget, we send out guidance in springtime essentially to all the drug control agencies, following the enactments of the previous year, the current fiscal year; or in the proposals, the policy that we are contemplating, what we think works and doesn't work, we give them general guidance about their programs' directions and futures. We receive program-level submissions in the summer as they are submitted through the agencies—actually, sometimes before they're submitted through the agencies—through OMB. We continue discussions with the departments about priorities and directions. We receive sometimes information on evaluations and data during the year. We work then with the departments, with OMB, and then for those—where there is a dispute, there is an appeal process right up to the President on critical budget matters.

In the case of the two programs you raised specifically, Safe and Drug Free Schools, I am aware, I have travelled around the coun-

try, that there are a number of people doing important work in schools that is partly or significantly funded by this program. I am also aware—and we have said for some time, we have had discussions with Members of Congress—that the problem with this program is there also is a significant amount of money here that you can't show whether it's producing any results. And the program has been broadened; and, in fact, you are allowed to transfer money, as some school districts have done, out of drug programs into other education programs.

Now, again, we can have a variety of flexible programs. I'm responsible for saying what works in drug control. This program, after several years of working with the program staff, does not have the demonstrable results, and there is some indication that we have difficulty building those into this format. That's not helping a lot of the kids that need the help. It's holding the place of a program that should, but it's not being restructured.

We're proposing to put more money into national programs and education that can be targeted. We're proposing to expand and sustain things like drug treatment, things like community coalitions, things like drug testing that we believe will help to expand and effect reductions in both prevention, and those who have begun to use, by cutting off that use early or by treating it.

In the case of HIDTA—which I recognize is a subject of some concern, we knew that when we made the decision—the program has important needs to focus on disrupting the market of the drug trade. There has been criticism of the program that too much of the money goes to Federal agencies. We have put more money into FBI and in DEA to back-fill some of the positions that were taken because of needs with regard to terror, and to construct an intelligence that would then allow us to target both further and the State task forces better; the Fusion Center that is being set up now through congressional appropriation in the Justice Department, a total of almost $90 million in those three categories.

The $100 million for the HIDTA Program that we are offering to transfer to—or proposing to transfer to Justice would allow us to do two things: one, put the program in the context of other Justice programs and management under the Deputy Attorney General where task forces exist. We know these drugs, the drugs that come to your city, are not made in your city, they come from other places; they come from other cities on the east coast, they come from other countries, they come from organizations that market at various levels. And in order to effectively cut those off we need better focus and intelligence and coordination; and where we're doing that will make a difference.

We have been trying to put this into the structure of law enforcement from Federal to State and local task forces. The effort will be to maintain the State and local focus of the HIDTA Program, but put it under a consolidated management and direction that can work more effectively with State and locals to cutoff the drugs and the organizations that are marketing the poison at the higher levels that make a difference.

The 400 metric tons of cocaine I talked about seizing has happened without an increase, significantly in interdiction assets because of other pressures in the Caribbean and in the eastern Pa-

cific. The reason is we've had better intelligence. When we do it smarter, as we do with terror, when we can identify individuals, and when we can coordinate pressure on key elements, we can make a difference.

If the Federal Government, on the other hand, however important local law enforcement is, and it is important, obviously, but when all those resources are drawn in a way to the largest number of potential sellers or the largest number—we're not cutting off the head of the snake. We start this process, which you and I have talked about, of taking generation after generation of young men, especially poor, minority young men, in our cities and putting them in jail. And I think citizens rightly say, can't we stop this? Lock the people up the chain that if we focused on wouldn't allow this business to continue.

That's what we're all trying to do, and the way to do that, we believe, is by using the intelligence tools which you have given us and which we have worked with law enforcement to get, by focusing—and I recognize for some people this change is going to be painful, but the reason we're doing it is not to cut the budget; the reason we're doing it is to cut the drugs. And we believe that the record here will show that we have been able to strengthen OCDETF, strengthen the task force structure, and put this program in the context of other coordinated law enforcement programs to do the jobs we're trying to do to help HIDTA around the world find the key elements, incapacitate them, keep them off balance, and to help reduce the terror and ravages they put in our cities.

Mr. CUMMINGS. We have had—and I appreciate your response. We have had a number of people from DEA and others come in and talk about how the fight on terror, against terror, has yielded some significant results with regard to drugs; in other words, we tighten up on the borders, we, like you said, using our intelligence more extensively, and in that net sometimes you come up with some drugs, findings or results.

And I guess when you were talking about the 400 tons, I was saying to myself, well, maybe it's true that a portion of that 400 tons came—that we were successful there because of our efforts with regard to terror. But let me give you the other side of it that concerns me.

The chairman and I worked very hard on trying to get—we were worried that when we moved to dealing with terrorism, that the new Department of Homeland Security would not have—would not put the emphasis on drugs that we were hoping that they would. We were worried about that, so we had—we were able to create a position—what was the name of that position?

Mr. SOUDER. The counternarcotics officer.

Mr. CUMMINGS. Yeah, the counternarcotics officer. And I'll tell you, the chairman—we had the counternarcotics officer in here 1 day for a hearing; and it was one of the saddest things I've seen, because he was temporary, he had to beg for his budget from different people. It seemed almost like he had been—become a stepchild in the whole process. And I will never forget that day because I remember the chairman and I looked at each other and said, is this what we created? I mean, we were looking for somebody who had some real authority, somebody who did not have to go around

asking different people could they get money. And the chairman can correct me if I'm wrong, but it was kind of a disturbing moment because it seemed to go against the very thing that we were trying to do.

And I guess as I—you know, as I listen to you, I just wanted to make sure that, see, with the HIDTA, they would definitely—they had their eye on drugs. That was their thing. I just wonder when you move things around a little bit and you say, well, we're going to now have them coming under Justice, and Justice is going to do this and do that, I don't want our efforts to combat the drug problem to get lost in the process. That's what concerns me.

And, you know, I think that—it's not just that I'm concerned about these employees that go out every day and put their lives on the line, I am very concerned about that, but I am also concerned about what you're concerned about. I am concerned about the mission, because as I've said to you many times, you know, I've got terrorists in my own neighborhood——

Mr. WALTERS. Yes.

Mr. CUMMINGS [continuing.] That people are much more afraid of, believe it or not, than they are of somebody coming from—you know, sending a bomb over to this country and harming somebody, because they deal with it every day, they see it every day. They see their relatives destroyed by it every day; they see their property values going down every day. And so—they see that they can't come out of their houses every day. So it's not like some foreign person over in Iraq, they're worried about what's going on in their neighborhoods.

And I think—and he can speak for himself—I think the chairman had the same kind of concerns, that we want to make sure we deal with terrorism—we've got to do it, no doubt about it—but we also have to balance it and make sure that we deal with the problems that we have here right at home.

Mr. WALTERS. And we could not have a stronger point of agreement on that.

I also think of it as, for those people who die serving in the Armed Forces in Iraq or Afghanistan or in other places where is it less visible, they don't give their lives to allow young people to be eaten up by drugs. They don't give their lives to have our new neighborhoods destroyed. It's a failure to keep faith with them and the sacrifices they and their family make to not make this problem small as fast as we can.

We agree. And the issue here is not about caring. Now, do I think we could make some continued management improvements? Of course I do. I think the intelligence fusion that we're talking about is critical. I know people like to say, well, there's too much talk about intelligence and various centers, and are they really working. The key to doing this is intelligence, and I believe the battle on terror is not an obstacle, but a lesson. This is a small number of people, small quantities of poison sent to our cities to kill our citizens. We need to be—we can't turn ourselves into a police state. We need to be able to go after the structures that provide that, and we need to obviously prevent citizens from being addicted and from starting this path, who draw that, through their dollars, into our communities. We believe in that balance.

Now, again, people may differ about what level, what program, what contribution. We have made decisions that we believe are right. I recognize that people can have other opinions about the apportionment, but the key that I think that we can't reasonably disagree with is we want law enforcement pressure against the critical elements that will break down the system, the higher the better. The frequency of operations against high-level structures in trafficking have to be accelerated. We have to break down, as we do, the ability of these networks to continue to operate when we take one or two people out in working with the Justice Department. Two-year investigations, however great and dedicated people are, and take down somebody and charge them with 600 years of violations is something that we're trying to change.

We have created the first consolidated target list of potential—or of known major traffickers, and we want to accelerate taking them down, identify and remove them as rapidly as possible to begin to cause breakdowns. We have not had serious breakdowns except for two examples. It looks like the largest decline you see on teenage drug use is in two categories, LSD and ecstasy, over the last 3 years, where, in addition to the overall 17 percent reduction, you see reductions in over 60 percent. It is apparently because we have significantly disrupted the supply, in addition to getting our prevention messages on ecstasy.

And on LSD we certainly disrupted supply because we took down a major distributor who had, in abandoned missile silos, made or who had material to make 25 million doses. The consequence is we did not realize how centralized that was.

The goal is to expand that so that we accelerate both prevention and demand reduction and supply reduction. Again, can we do that? Many people think it can't be done, but this is a business that is infinitely capable of resisting damage by law enforcement or by interdiction or by operations. We don't believe that. We believe people are making a difference every day. We believe 400 metric tons of cocaine that doesn't come from the United States saves lives. We all want to begin, though, to say people are having trouble getting drugs to harm themselves, they're getting into treatment, they're getting away from the temptation. And that's, I think, our common goal.

Mr. CUMMINGS. Just one more question, if you will, Mr. Chairman.

I can't ask you, because asking would be too cheap. I am begging you to help us deal with this issue of witness intimidation. I'm telling you, we cannot have thugs going around killing people because they want to testify and cooperate with the police. We can't have that.

Mr. WALTERS. I agree.

Mr. CUMMINGS. Anywhere.

Mr. WALTERS. I agree.

Mr. CUMMINGS. And I cannot tell you how much this bothers me, because what that means is that we will have a lawless society.

Now, I don't know how bad it is in other places, but when you have a situation in Baltimore that 30 to 35 percent of your cases can't go to trial because witnesses are being threatened, and killed sometimes, and harmed, and they disappear—we had a murder

case—not a murder case, some fellow comes and shoots up a school, shoots into a crowd of students. They couldn't even go forward with one of the cases because nobody would testify because of what we think to be witness intimidation. And you know the Dawson case. All I'm saying, I mean, I just—we need help.

Mr. WALTERS. I will talk to the Attorney General, who has recently been confirmed. I've had brief discussions with him, but we're going to sit down and we're going to review the full range of programs. I'll talk to him, and we will get back to you on what we can do.

Mr. CUMMINGS. Thank you.

Mr. SOUDER. I'm going to go through some of the different sections that were in your written testimony as well as in the budget because I want to make sure we will be following up with written questions, because as we work with the Appropriations Committee, as we work with your reauthorization and others—and we have oversight over all these different programs, and our staff has been getting budget briefings department by department. And I want to say at the beginning, again, when I first was elected, and Lee Brown was the director of this office, I watched a man who had been aggressive in local law enforcement in Houston and then in New York get denuded in the Office of National Drug Czar. And he had to come up here and tell us all the time about how this fit the budget expenditures, how this is going to be more effective, how they were going to work in other types of programs as we watched drug abuse rise year after year after they started doing the cuts. And then we finally get it turned around, starting with General McCaffrey, who flattened it, you came in and have been very aggressive, a strong advocate, and all of a sudden it's like, where did this reversal come from?

Your requests are $200 million less than the previous year. Yes, you have had some reshifting. I understand that there needs to be targeting. I understand that there are budget pressures, but let me go through a couple of other things.

First off, probably the most successful thing, and you fought for every dime, is the Media Campaign. You have done measurement. You have retooled it. We get these little fights on the side, but basically it has worked. Last year, you requested $145 million. This year, you are requesting $120 million. What you are requesting is what we appropriated because, as you and I have talked, Congress failed. It wasn't the administration that failed in the Media Campaign. Congress failed. We have in effect in real dollars had substantial reductions in this program from two angles. We haven't increased it inflationary for—how long is the $120 million figure in there?

Mr. WALTERS. The $120 million is for this year. When I took office, it was a $170 million program.

Mr. SOUDER. So we are down to $120 million from the $170 million. Last I checked, even though the inflation rate is low, it has still been an inflation rate every year.

Mr. WALTERS. The inflation rate in advertising purchases is higher than the base rate of inflation.

Mr. SOUDER. You have some inflation in the cost of advertising dollars. Is it safe to say that the value of your $170 million would probably be $200 million today?

Mr. WALTERS. Yes. Again, off the top of my head—I don't want to be cavalier, I don't know—but it would be more than $170 million, sure.

Mr. SOUDER. I would argue that you probably—even inflation of 3 percent a year is a 12 percent increase, which puts you up near $200 million alone, let alone the rate of increase greater than 3 percent. We had lots of small programs in that budget. You have tightened those up. You have worked with the advertising production cost. Yes, you can achieve certain efficiencies, but I don't think anybody here is going to argue that you can achieve 40 percent efficiencies. You have done very well with this.

Mr. WALTERS. Let me just say, just so we are clear to you about what has happened; we have maintained in the target youth audience, middle-age teenagers, the reach in frequency of 90 percent of the target audience sees on average four ads a week. We have maintained that throughout the program. We have strengthened the force. For the parent part of the audience, I think it is about 85 percent see three ads a week. I will have to go back and give you the precise numbers. But we have maintained that contact. How we have done that is, there is a match, as you know, in this program. For every $1 we buy, we get $2. We had in the past provided part of that matching money to other youth-related programs, boys and girls clubs, other kinds of programs, SAAD, MAAD, would be able to match it. We have taken the match back. The match is now running our ads almost exclusively. So we have maintained contact by focusing the program on our messages, and I think that is why you see it doing the extent of the work. I am not against being efficient here, but again, I have a problem. If I request—if I am telling my colleagues in the administration, I am going to request an amount I can't get through Congress, you help, others help with the appropriation process, but to ask for money we can't show we can get through Congress is to take money away from another program we should fund. I will be happy—I am worried because every year, you know, this program has been cut. I am worried about keeping $120 million.

Mr. SOUDER. A couple of things with this. I want to make sure this gets on the record because this is the single biggest program left if HIDTA goes out from under you. This is the core of your office, and it is the core of our prevention efforts, especially if we ditch Drug-Free Schools. This is the prevention program, this and drug testing, which is a much smaller program. This is our whole prevention program in the United States under the administration's basic—other than a much smaller drug testing program.

Mr. WALTERS. And good community coalitions.

Mr. SOUDER. And good community coalitions, which also is flat funded. And no new programs. In other words, it is a maintenance. In the Media Campaign, several things. One is what it means is that when we say we need to regionally target meth because you are tying to reach the national, you have to go to partnership and then the match ads. We don't have the flexibility in the budget to do things other than this basic targeting that you just described,

in other words, reaching the target youth audience on the marijuana message—and we have had a great impact on that, but the diversity of messages and the things we were doing is what has partly been tossed out in the budget.

The second point I would make is that, as you know, if you don't keep the $120 million in the campaign, at some point here, the whole campaign goes down. In other words, if you don't reach a threshold in advertising, all of us agree that the measurement isn't going to be there and that we don't spend $90 to $100 million to get decreased messages. I know you will dig in, but I would have several points here in this budget. When you request $120 million, and OMB full well knows this, that the odds of holding $120 million become harder than if you request $145 million. This is a labor negotiation process. If they don't believe that, I better not see a budget next year that has things that the administration wants at a figure that we didn't appropriate it. Because under this logic, you have a number of things such as move HIDTA to OCDETF. I don't think that is going to happen. But if it doesn't happen, then don't come back for money for OCDETF if the principle is which you are telling me they tell you, if you don't get it funded, then don't request it. Then if they have a bunch of funding things in here this year that don't get funded, don't come back to us. That is the principle.

Mr. WALTERS. Let me try to correct a couple of points because I don't want to leave the misunderstanding. Nobody tells me. I can make an argument for anything I want, and I will do that when I think there is merit. But again, through a lot of work and a lot of support, including amazing support from some key members, including the Speaker, we got the $120 million. We have had a debate with the Senate over the value of some of these programs. You know that as well as I do because you have both followed this. We are trying to work with Congress. This is a partnership. We understand that. We are trying to make requests that are reasonable and that will cause in some cases change.

The other argument here is, we just kind of continue to go along, and we don't provide leadership. I believe this is a leadership budget. We have drug use going down. We have drug funding going up. I know we are making changes. I know some people may not agree with some of those changes. But, again, we did not make these by accident. They are not a fait accompli. We believe they are right. It is not about, this is a budget I am holding my nose about. If somebody says that they do not know what they are talking about in the budget process, we made changes to take programs out that were less effective and support things that are more effective.

Would I like more money in some of these programs? Yes. But you make a reasonable judgment about your ability to get the request. Because as both parties agreed as recently as the last election, we have to get the deficit down, and we need to keep the economy growing. We are going to have to control domestic spending. In that environment, when you know what the budget has, how many other agencies are taking substantial cuts, the drug budget, I repeat, is up and drug use is down. That is what you were asking us to do and that is what we are trying to do here with these programs.

On the Model State Drug Laws Program, for example, you mentioned my office. I do not believe that is currently making the contribution it should make at $1 million and I believe my staff can work with States as we are working with cities around the country, including Baltimore, including Washington, DC, including Detroit, Los Angeles and New York directly to help do that. I am asking to make an economy there. Congress has had a different view over the last several years. It wants $1 million. It wants it as a separate agency. Again, I have not changed my mind and I am not lying to you. I think we should zero that and let my staff do it.

Mr. SOUDER. This year again it is being cut 10 percent. Your staff is being reduced. Administration is being reduced 10 percent. You have people that are not being cleared and you are in effect telling us that you are going to take over responsibilities for other agencies. Furthermore, your request is down $200 million. What you are saying is Congress last year—you are increasing Congress' request appropriated last year, not the administration's request. You reduced the administration's request. And then what I did not go through with you is we believe there are some funny numbers in how you combined the drug dollars. In other words, there are things that are not counted in the drug budget and things that are counted in the drug budget and things that we do not feel are necessarily going to be used for narcotics that easily can slide over to homeland security. And like Ranking Member Cummings just said, we are a little less confident when things move to OCDETF, or to FBI, that those are going to remain drug assets. I want to get into a couple of other categories.

Mr. WALTERS. May I correct just one thing I have been reminded for the record? My budget does not propose the reduction of one single FTE in my office. The reduction in salaries and expenses is because of a reduction in rent and lease space, which is an economy that is reflected there. Let me correct for the record, I am not reducing my staff. However, I will also stand behind my statement. This is not about how many bureaucrats are in my office. I resigned at the beginning of the Clinton administration when I was the caretaker to hand over the keys when they announced the cutting of the office by 80 percent, down to 25 people, because—I stopped being the caretaker because there was not anything to hand over. I understand what the gutting of the office was and I took a very strong stand at that time. That is not what is happening to my office. I would not stay if that was happening to my office. I want to be clear, suggestions to the contrary, I vigorously object to that.

Mr. SOUDER. You had a 10 percent—you had a $2 million reduction in rent which is 10 percent of your total administration budget?

Mr. WALTERS. I will give you the office budget. We can go through that with you.

Mr. SOUDER. We want to see that, because that would mean that your reduction in rent was 10 percent of your whole administration operations cost.

Mr. WALTERS. Well, there may be other expenses. I am just saying I am not proposing to cut FTE.

Mr. SOUDER. That leads to the problem we ran into in Homeland Security. We will want to see, then, and we can followup, what FTE means, how many people are detailed. Does this mean—because what we learned over there when we got into it is that they did not have any dollars so they could say that they did not get a reduction in FTEs because they were detailed and they got a reduction in detailees which reduced other administrative expenses. Let me move to the HIDTA question. Mr. Cummings has already raised this. I am going to ask you a series of questions, and then you can restate a little bit, but let me start with the end. At your nomination hearing, you said—you stated your opposition to moving the HIDTA program. I am now going to ask some questions to see how this relates. Do you believe that this move will increase—enhance the capacity of the HIDTA program and of ONDCP to coordinate investigations and resources between Federal, State and local law enforcement? We created your office as a coordinating because we had all these other agencies fighting over who was going to do narcotics and that the whole purpose of having a Director of ONDCP and we moved HIDTA in because what happened is that if you did not have direct control and the ability to move certain dollars around, you did not have power. All you could do is go into a meeting and say, I think, I think, I think, rather than having the ability to actually move dollars. Do you really believe this will enhance the capacity to coordinate? Do you believe that State and local agencies will welcome this move? That is certainly not what we are hearing. The whole design of this program was to draw resources from them and blend it with a small amount of Federal money. There is a concern about this. Will it make them more likely to cooperate? That is not what we are hearing. Do you think they prefer to work with OCDETF rather than HIDTA as it is currently set up? Do you believe that the HIDTA program will be more effective, this transfer will be more effective than the HIDTA program in the use of taxpayer dollars where we are leveraging a small amount? Most of the HIDTAs we visited as we were doing a reauthorization all over the country, most of the dollars in there were paid for by State and local people with the operational supplement to these huge dollars being invested. And if you believe this is going to be more efficient, what document, study, report, JO evaluation, internal audit or anything suggests that OCDETF is going to be more efficient at doing this than what we have already? And you and I know that I have some concerns about whether the HIDTA program has been turning into a pork-type program, how it should be targeted and whether there should be national targeting. I have backed you up to a certain percent national targeting. But this looks like a wholesale instead of a 10 percent national targeting.

In your responses so far, you say we need to go after the top guys. But do we need to go after the top guys with 100 percent of the money or do we need to go after them as we tried to work with and get cooperation? If you help us with some, we will help you with some. This looks like a surrender of that strategy, and saying the Federal Government is going to take all the dollars and we are going to go on our own. Good luck.

Mr. WALTERS. That is not what we are proposing here.

Mr. SOUDER. By the way, by cutting Byrne Grants, those who do not have HIDTAs, like my area, have a drug task force, now have just had the Byrne Grants slashed simultaneously. So to argue that the Justice Department with OCDETF is going to have an equivalent with Byrne Grant in their department and in effect replace your office with the Justice Department, this is not going to happen if Byrne Grants are zeroed out.

Mr. WALTERS. Let me back up 1 second. I do not think the criteria is fair to the people who are doing what they are doing now when you propose change, are they going to like that? Change of the kind we are talking about, of significant restructuring, is something that people, even when it is for their own good, if it is, sometimes resist. There can be change that is not good. I understand that.

Mr. SOUDER. I want you to clarify that what you are saying is that prosecutors, sheriffs, agents in the field do not want change. The people who are doing 90 percent of the arrests should not be consulted when there is change? We should not ask them whether they like the change? I do not understand when you say they will not like the change. They might not, but they are the people who are doing it. We are not arresting anybody.

Mr. WALTERS. I was doing the intro to my response to your question.

Mr. SOUDER. Excuse me.

Mr. WALTERS. I do not think this change is designed to reduce cooperation. I recognize there are people who are not in support of this. We recognized it when we made the decision. The issue is how do we best reduce the supply of drugs in the United States at the national and at the local and regional level. Everything that we know about this is that we need to do this by a better understanding of how markets work, identifying vulnerabilities, and by going after those vulnerabilities. Because of the multijurisdictional character of this, again, they do not make the drugs they use in your district primarily in your district unless they are meth. They do not make the heroin. They do not make the cocaine. They do not make much of the marijuana. That comes from somewhere else. That is why we have a Federal enforcement effort. That is why we have these laws in this area of crime that we do not have in other areas and why we work globally as well as locally.

The question is, how do we better focus that? We are saying all of our experience with OCDETF, with law enforcement, means that our local task forces, which are, I will point out, in DEA, parts of OCDETF, involve local people, as well as the HIDTA program. Again, we are—yes, we are pursuing this program as a targeted, managed, directed cooperation. The $100 million that we are proposing for the program will be focused, as we have said, in the budget on State and local support, not on Federal support. I talked about the increases we have made to other key Federal agencies that have participated to provide resources for them. I know there are people who understand this HIDTA program to be a revenue-sharing program. We have fought that battle. There are people in the Senate. There are people in the House—more in the Senate—who want this to be, you designate a place, and they get a certain

amount. There are 28 places that get that, the rest of the country does not, or maybe it will but we do not know.

We believe the best way and the recommendation here is—because we believe we have a chance to substantially reduce the supply of drugs by strengthening our enforcement. And it must include State and locals in this case. But on a coordinated, managed, targeted basis. And so we are trying to integrate these enforcement efforts together under the authority of the Deputy Attorney General of the Justice Department, we are trying to remain consistent, in this case, with State and local law enforcement. I know there are some painful decisions about how much Federal assistance there is going to be to State and local law enforcement and whether it is going to come through Justice grants or Homeland Security grants or what the levels are going to be and those are difficult, and then, when the funding jumps around, people get jobs, their jobs are in jeopardy, that is a problem. I am not ignorant of that. I have sympathy for that.

But when you have the positions that we have, you try to make decisions on the basis of what will best serve the interests of the country. I recognize sometimes people are going to be unhappy. Sometimes they are unhappy for good reasons, and we need to follow what they are telling us. Obviously, they know things that we do not know, and we ought to be willing to learn. But we also have to make a judgment. In my judgment and the administration's judgment, here is—this program is a powerful tool. It has been a powerful tool. It can be a more powerful tool if it is moved and integrated, remaining State-and-local-focused and part of a consolidated effort that will increasingly with the information we have and the way we are doing targeting allow us to break the businesses that are the drug trade.

Otherwise, you are chasing primarily small people, putting them in jail year after year, generation after generation. Break the business. Do not break the generation after generation is what we are calling for.

Mr. SOUDER. Before yielding to Mr. Cummings, and I say this and for those who are not used necessarily to this aggressive questioning coming out of me to an administration figure that we, in fact, share most views. We have some disagreements right now. You are having to defend a budget that basically I do not believe is defensible. But this is—we share deeply almost all the different values and my being aggressive and your being defensive. I encourage you to be a little more cautious because you, in effect, have implied several times that the primary resistance to this are people's jobs, that people do not want to have change in certain areas because they are vested in a certain way. This is somewhat a disagreement of philosophy, not about who has turf or jobs. I believe, as you aggressively do, that Colombia, Afghanistan, I have made those same kind of arguments, but it is a balanced approach, and I believe this budget is gutting a balanced approach. That is my concern. Mr. Cummings.

Mr. CUMMINGS. Can you explain what data goes into OMB's program assessment rating to how HIDTA and the Media Campaign were rated? Do you know?

Mr. WALTERS. Yes. The principal data that goes into it are the reports that are part of the GPRA process, the government results and—the accountability statute that each program is supposed to provide. The quality of the design of those plans and objectives for the program. And then the quality of the measurement of achievement of those. In other words, if the program has a certain purpose but the operation of the program is not aligned with that purpose or is not able to carry out that purpose or the data shows that if it is aligned properly it is not achieving that purpose, it gets a lower score than one that is. Again, this is a tool. It is a tool for the decisionmaker. It is not the decisionmaker.

Mr. CUMMINGS. From a very practical standpoint, let's say the budget goes through as it is right now as proposed. What happens to the HIDTA offices?

Mr. WALTERS. We are proposing—again, we have proposed this as a starting point. We have not proposed this as a decision in all detail. I will work with the Justice Department. We will work with people in the field to realign the program under the principle of integration and coordination, focused on State and local support. I presume that means that some of the structure may continue as is. Some of the structure obviously would change. But we have not made—we have not decided that in advance. When you obviously meet with a program this involved, with the partnerships involved, we are going to need to work not only with Justice Department but obviously the people in the field.

Mr. CUMMINGS. But it could mean and it is reasonable to assume and you may have said this in what you just said, that some of those offices actually, the locks will be put on and the program itself is gone, will be gone, some of these 25 at least.

Mr. WALTERS. Sure. Everything is on the table at this point.

Mr. CUMMINGS. I was listening to some of the chairman's questions. It was my understanding that back in the fiscal year 2006 budget scores, there was a $300 million increase for the U.S. Immigration and Customs Enforcement as drug control spending. But when my staff looked at the ICE Web page, they saw items describing ICE's efforts in the war on terrorism, investigations into Canadian telemarketing fraud and child sex abuse cases, to extradition of a double murderer to Honduras, but not a single item explicitly relating to drug control. How is it that ICE is scored as a drug control while the costs of prosecuting and incarcerating defendants for drug crimes is excluded from the restructured Federal drug budget?

Mr. WALTERS. You are asking that question because I think we have kind of touched on this topic, and I am glad to have a chance to respond. As you know, in the first strategy that we released in 2002, we announced our intention to restructure the budget. The goal of this restructuring was to focus the program array on the things we are doing and managing to make the drug problem smaller, not just the cost of the drug problem. There had been in the past, beginning when I actually served in the Reagan administration, when this problem began, is to try to also capture, how much does the government spend on the drug problem? On many of those that were arrayed, part of them were arrayed to show what the costs were. Part of them were arrayed to show, if you

spend a lot of money, you care a lot, which sometimes is true, sometimes is not true. So, for example, programs like Head Start, because a small number of the people who came in relatively might have gotten referred to treatment or prevention, there was a good faith effort to estimate that, and that small percentage arrayed against a small program created a large number. So you had a large budget.

But the problem was, I believe that was fundamentally dishonest and certainly was not good management because we were scoring parts of things that we could not manage and we could not work with you at managing. So we reduced the budget to the managed programs that are designed to make the problem smaller, so we could, for the first time, take money across supply and demand, prevention, treatment, interdiction and international programs. There are pressures on those programs that have to be kept in mind but we could look at these things and really do them in a comparative way. For some agencies, a small number, for example, some DHS programs, Veterans Affairs, this is modeled on what happened at the Department of Defense, you have multifunction programs that do not pull out a single component like DEA or like the block grant for treatment. What did we do in that case? We issued a series of circulars asking those departments, once they got their appropriation and on the basis of the appropriation we represented, to give us a financial expenditure plan that they would manage those dollars for drug control purposes. For example, we made a change in this year's budget with regard to Veterans Affairs. Veterans Affairs had scored not only the treatment, and as you know they are the largest single hospital system in the country, and they spend a lot on treatment. In addition to that, they were scoring related health care costs for people who come into treatment. Sometimes those health care costs are a result of your addiction. We know there are diseases. But what that happened to do is capture roughly a half a billion dollars as treatment funds connected to this budget.

As we refined these numbers in the process, we took those out. I could inflate the treatment number and the demand reduction number today by half a billion dollars just by not making that change. What I chose to do is to focus on, what are we really spending here and to talk about what—not what the drug problem costs, because you know the cost. A large portion of mental health costs are connected to substance abuse. A large portion of dependency and welfare costs, child endangerment costs as well as a variety of other costs, prison costs, prosecutorial costs; those are not managed costs. Those are consequences of the drug problem, and we are not going to not give somebody health care and Medicare and Medicaid that may be because the disease is related to drugs because we did not fund the drug portion of it. We are not going to not incarcerate people that are convicted because we did not score this.

Again, we provide information on cost. We provide a report which we just released again on the cost of drugs to the society. The specific institutional costs, incarceration, problems in their jobs, health care costs, missed opportunity costs. We provide that report in a separate publication that covers all those costs. So we are not hid-

ing any of those costs. What we are doing is providing a budget that really shows you what we are spending and so, when you make choices as legislators, you can say, I think this ratio is wrong or I think this program makes sense, and this does not make sense, and you are not getting a scored array of money that does not mean anything.

It also allows people to say, we are spending $80 billion on drugs, and how can we show it is effective? I recognize $12.5 billion is a lot of money. I have not been in Washington so long that I do not spend that. But I like to point out to people, for those who think it is a lot, it is a big country, a country that spends $25 billion on candy a year. So I think this is a responsible budget that focuses on the responsible programs that work, and we need to make sure that is what we are focused on and not about accumulating costs for reasons that really confuse the central debates we need to have.

Mr. SOUDER. Mr. Cummings asked you about ICE and the fact that ICE does not have anything on their home page, and we are having a tremendous problem as a member of the Homeland Security Committee figuring out what they are actually doing in drugs. Why is that in the budget when they do not even acknowledge in their home page that they do it?

Mr. WALTERS. Again, I cannot account for what is on their Web page. I can account for what is in their financial plan, and we will be happy to provide that to the committee. I think that is a truer statement of what is going on here. And obviously, I could put anything on a Web page and make it seem bigger than it is. The issue is, what are you doing? But I will say that ICE is a valuable and important player in a number not only of investigations but, obviously, enforcement actions, and we are working with them, as we are with other agencies of Homeland Security, and the personnel there are making important contributions. I am sorry that some of this stuff does not get conveyed to the public, which is important, and to other people as clearly as it should be, but I do not think that is indicative of the fact that they are not doing and we cannot account for the fidelity between what we propose in the budget and what we see as results to the best of our ability in these multifunction agencies.

Mr. SOUDER. There is an alternative explanation to what you just said. In other words, your explanation is that the home page may not be reflective of what they are doing and what we are in effect questioning, is the financial proposal to you reflective of what they are doing, because maybe the home page is reflective of what they are doing and that is my concern from hearings cross-examining ICE officials.

Mr. WALTERS. I believe those financial plans, and my staff can correct me if I am wrong, are also subject to their financial authority's audit and vouching for it. You do not just get to kind of say you spent that much and we say, OK, great, we take you at your word. There are internal financial and fiscal measures.

Again, when we imposed using these authorities that actually are in the office and are a subject of, I think, our reauthorization, when we imposed these they were not particularly welcome in a lot of these agencies because we were now telling people in agencies that, in addition to kind of like giving us an estimate of what you

spend that you then can go ahead and do whatever you want with, you are actually going to have to do what you said, and we are going to require—we require a spending plan before they spend their fiscal year money. So we will be happy to let you know what we see and what the corresponding report is on the fidelity of those financial plans but, again, we have done this to create a real representation of where resources are going and to really be able to make decisions about priorities that are consistent with what happens to the best of our ability.

Mr. CUMMINGS. One of the programs that we have been able to move enthusiastically under this subcommittee was the Drug-Free Communities Program. It is a program that we embraced because it is a way of empowering the everyday citizen who wants to address prevention and drug problems in their neighborhoods to do something. There are so many people who are probably watching us right now who are sitting there just feeling helpless. And so that is a program that I like. I am sure—and it is just based upon conversations with my colleagues, not only on this subcommittee and committee but in the Congress. I get a lot of inquiries about it. People want to try to help their communities help themselves. You talked about the effectiveness of using taxpayer dollars. I just was wondering, what is your assessment of the Drug-Free Communities Program? And then we had to call this an institute, and now I see that their budget has been cut by half. I am just wondering, where are we on that?

Mr. WALTERS. Let me make it clear. We have level funded the Drug-Free Communities Program. We have requested the same funds in the various components that we requested last year. In this budget environment, we did that because we think it is an important program. It is a measure—as you can see, we have made sometimes painful decisions on programs we do not support, and we made those recommendations. We have doubled the number of Drug-Free Communities during the first term of the Bush administration. There are now 714. We have worked with your office on one of those coalitions in your district. We believe this works. It is in the process, though, as a new program of a complete evaluation. It has been reviewed under the hard structure, but we are in the process of creating an evaluation mechanism that will allow us to tell whether those communities are effective. I have instructed my staff to accelerate that process to the maximum extent possible because I think what we want to do is to see as clearly as we can what the contribution is of those communities in reducing drug use. We believe it allows us to bring together, as you know, faith communities, treatment, law enforcement, private sector, government, schools, parents, public officials in those communities, because we know that when they all play a critical role in this problem, we make more progress. We think that is the way to go. The program is designed to, as you know, help to form coalitions, help to stand them up, give them a number of years, if they are working to be able to be supported and to then get them supported by the community. So we are hoping to be able to continue the process of growing that program. But the goal is, I think, certainly reflected—the goal of increasing those communities, the number of communities we have met, we continue to push the program.

Mr. CUMMINGS. The reason why I raised the question is that there is $10 million on the authorization, but I guess your argument would be is that if it is level funded, considering all the things that are happening to other parts of the budget, that is considered a victory. I am not trying to be facetious.

Mr. WALTERS. Yes. Look, would you make some of these decisions in another environment? Maybe. Maybe. Again, I think this program is strong. Also, I think it would be useful to us to have the evaluation. Again, I think people feel very good about the program. I think it has done some remarkable things. I have visited a lot of these communities. It gives hope. I agree with you. My staff, I am instructing to actively try to recruit more in areas that we identify where there is a drug problem. This is a tool that is relatively inexpensive that allows us to help organize people, in our cities, in Native American areas that have been hit by substance abuse, in rural areas where people feel isolated. We have all kinds of examples of these that work. We have created mentoring coalitions to help start other coalitions. We have a lot of things going on. We have people who—yet we are also being rigorous and say where coalitions fail. We want to be able to replace failing coalitions with new coalitions that have an opportunity to work and allow failing coalitions to have an incentive to make themselves work. We went through this, I think, with some of the folks in your district where they had trouble getting themselves organized, and now they are there, and now they are moving, I think.

Mr. CUMMINGS. They are. That is what I was trying to get to when I was talking about the coalition piece being cut in half. It seems to me that, if we really want to maximize our dollars and try to guarantee as much progress as we can, you want to buildup your coalition. It seems like your institute, if you build that institute up, have that cooperation using best practices and things of that nature, then you would have a better opportunity of maximizing effectiveness.

I know it is a small amount of money but I am talking about the coalition piece. But I think, for that small amount of money, the dividends are just huge, or have the potential of being huge. So the last thing I think I would want to see done is cut the coalition institute piece in half. Do you follow me?

Mr. WALTERS. Yes. Again, I understand this as we are not only supporting the community coalitions program, we are supporting the institute. We are not supporting it at the same level Congress appropriated last year. You added $1 million. We believe that, under those circumstances, our request last year is the right request this year. People will have other views. We are not trying to cut the effectiveness of the program. We are trying to make sure we support the program and continue that effort and in this environment, again, I think this is a measure of our seriousness in support and not a measure of criticism here. There may be a difference about how much money you put into the institute versus—look, my own view is I want to keep that million dollars in the base of the program to start more coalitions. It is $100,000 a year; $1 million is 10 more coalitions. Maybe somebody thinks that $1 million in the institute is a better way. I guess my view is, I want to keep that $1 million in the coalition program. You could say, well, why

don't I just ask for another $1 million? Because I also have to worry about the technology transfer program and C tack and the Media Campaign. So we are trying to make an environment that is responsible decisions about proportionality which I recognize reasonable people could differ over. That is the thought process. I am being honest with you.

Mr. CUMMINGS. Let me just ask you this. I think you said—correct me if I am wrong—you said that when—I guess when Clinton first came in, you decided you wanted to leave. Is that what you said?

Mr. WALTERS. That was too brief. I am sorry. At the end of the President's father's administration when I was working at the drug office, there was a request for individuals, political appointees, I was actually a deputy for supply reduction at that time, to stay on in each of the agencies to transfer the agencies to the incoming administration. I was asked to be that person at the Office of National Drug Control Policy. There were 146 FFEs in the office at that time. Following the inauguration, I was in there, it was February 9, I believe, I was there till that point. I was working with the one person that was there for transition. The administration announced that it was going to cut the office from the 140-plus positions, and we had already removed political appointees, so it was below that a bit, to 25. I did not believe that there could be a serious transition to 25 people, and so I resigned at that point before Mr. Brown was nominated and confirmed which I would not have done, but I just felt that, and that is why I maybe was too defensive when the chairman suggested that my office was being gutted. I have been there, and I have strong feelings about the office.

I think the country is certainly stronger than any single bureaucratic office, but I think it plays an important part and so maybe I reacted a little more strongly than I should have. But I watched a lot of destruction. I watched a lot of what we had built up because the office just came into existence in 1989, and I think, while the office does not simply make for the national effort, I do think it exists to coordinate things that need to be coordinated and when it is broken, things start falling apart. As long as I am here, I am only going to be here as long as I think things are not falling apart, and I do not think that is what is happening here and I maybe reacted a little too strongly to the hint that the chairman thought they were. Again, I recognize that we are all in the same agreement on this, but there was some painful history there.

Mr. CUMMINGS. Let me just ask you this. I hate to put you on the spot, but I am curious. When you look at the cuts, is there anything, any of these cuts that bother you personally? I believe in you. But I am just wondering, is there anything here that bothers you? That you look at and you say, well, you know, maybe we have gone a little bit too far here? Or maybe this is not going to get it? Is there anything here? Or that you lose a little sleep over?

Mr. WALTERS. I think that the array of programs that we are talking about here are, and not just because I am in the administration, are the things we need to do. The places that we have increased funding I believe are critical places. Would I if I had a free hand do more? Last year, we asked for $200 million in the President's Access to Recovery Program. Congress gave us $100 million.

I believe and the President believes we need more money in treatment. We believe we need to provide it in a flexible way. We believe we need to provide it to more of the people who are seeking treatment and do not get it. If we came back and asked for $150 million, I recognize in this budget it is going to be hard to get the additional $50 million. I certainly know that both of you care very much about this, and we are going to need help again to try to get that. I would like to see more of that. The other large cut that you have brought up, look, I believe the HIDTA program will work better or the purpose of HIDTA by restructuring in focus. I sense there is a disagreement among us about what we should be taking our bearing from and so forth. I believe that we can change the face, and we can only change the face of supply reduction systemically by coordinated intelligence-based Federal, State and local enforcement. We are partly moving there. We need to accelerate that as rapidly as possible.

Maybe we should have some discussions with you and maybe some of your key staff about what tools we think we are bringing to bear and why we think that so that you can have a full understanding of maybe why it is not just a matter of, somebody says yes and somebody says no from the executive branch. You have many things you have to be concerned about. I understand that. We should be fair in making sure we are making you fully aware of what we are thinking so you can judge whether or not we are right.

The other area is obviously in the Safe and Drug-Free Schools Program. I understand that this is certainly a serious cut, and I also understand that it affects the apparent balance in the program. And I certainly appreciate the many people who are working in schools to be effective. The problem with the program is that in this environment, the program is not focused effectively and demonstrably on reducing drug use and prevention. We believe that we can better support that by working in community coalitions, by nationally targeted programs where we put more money into the national program part of the education account to allow accountable grant programs to reduce substance abuse. We also believe that, frankly, as we have talked, the other areas of support that we are trying to foster are building into the health care system a better ability to screen for drug problems early, doctors and pediatricians and hospitals in the screening brief interventions programs, in the effort to bring drug courts. We are trying to double the drug courts program. There were 400 more drug courts last year alone, up to over 1,600. Everybody knows these work and they are critical for people who start down the path to stop and to get them early. We also believe that drug testing is the most powerful and potentially far-reaching and lasting program. If we can get over the misunderstanding that it is going to be used to punish—that it cannot be used to punish—it allows us to connect the understanding of addiction as a disease with the tool of public health that has changed the face of so many childhood diseases.

We cannot give people the treatments we have for HIV/AIDS if we do not test them to find out whether they have HIV. We do not treat people for tuberculosis if we do not test them as to whether they have tuberculosis. And when we do, certainly we have to

worry sometimes about the stigma, but in this case, we know testing works for adults in major parts of our, not only the military and transportation safety, but when I go to schools, I see kids who are afraid. I am sure they are the same kids that you see in Baltimore, the same kids I see in other cities and places. Middle school and high school, they see what is happening to some of their peers and some of their families. They do not understand why adults do not do more to stop it. It is because, in part, in addition to prevention, it is a game of hide and seek. Kids start, they bring this behavior back, they encourage their friends to use with them. They are an example. Drug use is fun and it does not cause any consequences. Look at me. That is an ad for drug use. What testing does is it gives those kids the ability to say, I cannot use, I get tested. It is an amazingly powerful prevention tool, and in the schools, that have it, kids feel safe.

Mr. CUMMINGS. I have to tell you, if I extracted a part of the argument you just made, it would fit very nicely with justifying keeping the Safe and Drug-Free Schools piece. I am just telling you, what you just said. As you were talking, I could not help but think about—and then I will finish up. I am finished, Mr. Chairman.

When I think about Safe and Drug-Free Schools, I think about the fact that with our kids, it is not always the deed. It is the memory. It is a memory that we impart with them that lasts with them for a long time. As I was sitting here listening to you, I could not help but think about my daughter who is now 23 years old. I will never forget; she came home when she was about 6 years old, and she says, "Guess what I learned today, dad?" I said, "What is that?" She said, "I learned the fire department came in and told us to stop, drop and roll." I had never heard of that, believe it or not. The reason why it came into my mind is because, as we were talking about it, I was kidding her about it the other day.

But what I am saying is I am just wondering. I heard your testimony about the Drug-Free Schools. It seems like the problems that you talked about, in other words, trying to measure, making sure the money actually goes into efforts to stop our kids, prevent our kids from using drugs, it seems like there would have been a better way than, say, eliminating the program even if you had to reduce the funds, I do not agree with that, but if you had to, but to zero in a bit on those specific concerns. I am sure you may have had more than you did not mention. But what I am saying to you is sometimes I think we need to—the same reasons you just gave are the same reasons that I think it is important that we send those messages as early as possible, and hopefully, when that young person gets in that environment, whether they are in the 10th or 12th grade, 11th grade or whatever, and they are around drugs that they can hearken back to a time when there was some program in their school where Ms. Brown said something about not using drugs. It may sound very simple, but it is very real.

I think one of the things that Americans are asking for, I hear all this stuff about moral concerns in the elections and all that, but you know what people really want? They want to make sure that government helps them raise their kids in a safe environment, in an environment that is healthy, and so that they can grow up and be productive citizens. I think that those kinds of programs like the

safe and drug-free schools is one of those things, because all kids go to school. We have a captive audience. Just something that I just wish you would consider.

Mr. WALTERS. Thank you.

Mr. CUMMINGS. Thank you, Mr. Chairman.

Mr. SOUDER. I want to ask some additional questions on international. First, you do not only manage different programs, but you also weigh in on a wide range as our No. 1 antidrug spokesman. I wondered if you have weighed in with USAID concerning its financing of harm reduction programs. Let me give you two examples.

The 14th International Conference of Reduction of Drug-related Harm was held in Chiang Mai, Thailand from April 6–10, 2003. It was sponsored by the International Harm Reduction Association, the Asian Harm Reduction Network and cosponsored by the Center for Harm Reduction and USAID. What was a Federal agency doing cosponsoring in effect a drug maintenance, as you and I have worked with this issue—harm reduction is a code word. What were we doing and did you speak up to USAID and say, this is not what you should be doing with Federal dollars? Also, the Asian Harm Reduction Network's 350-page second edition manual for reducing drug-related harm in Asia contains a USAID logo, and the production of the manual is acknowledged inside the cover, "this publication was made possible through support provided by the Office of Strategic Planning Operations and Technical Support, Bureau for Asia and the Near East, United States Agency for International Development."

Included in the second chapter of the manual, rationale for harm reduction, are sections on, "needle and syringe programs," "sales and purchasing of injecting equipment," and removing barriers. Chapter five, injecting safely, are sections devoted to, "sharing of injecting equipment and safe injecting." Did you review the USAID drug program and have you spoken with Administrator Mastios about the abuse of taxpayer dollars clearly contrary to the intent of Congress?

Mr. WALTERS. I was not aware of these publications, or I did not attend that meeting. I will say that, as I think you know, we have been pretty aggressive with international bodies that have been called to or drifted toward harm reduction, more aggressive than I believe others have been in the past as this has become a more pervasive issue. We have reminded people of their treaty obligations. We have talked to media in some foreign countries, including Canada. You were with me.

We have met with international bodies, including U.N. bodies about the structure. I was not aware of the particular publication. I will be happy to look into it and report back to you.

Mr. SOUDER. Thank you. Let me move on. You and I argued yesterday about Drug-Free Schools, so we will not go through that today. But I have some concerns. I know the program is not as effective as it should be but I do not believe it should be zeroed out. I believe we need to make it more effective. Let me go to intelligence next because you talked about intelligence and you made a statement with which I do not agree. I agree that intelligence is the most important but intelligence without the assets to effectively

do something about it is a problem, and we have been hearing steadily from the different agencies about concern that our intelligence is identifying targets, and we are not able to implement, and this budget I believe will make it more difficult to implement. Let me give you an example. JIATF South is a successor, as you know, to JIATF East which is based in Key West. They are responsible for coordinating drug interdiction between defense, customs, Coast Guard and other agencies on the gulf coast. JIATF West, based in Alameda, CA, was responsible for the same mission in the eastern Pacific. As of October 1, 2003, JIATF South's area of responsibility was expanded to include both the Gulf coast Caribbean and the eastern Pacific, which was before under California.

Now that the JIATF West is in Hawaii, they have a far more western outlook. This change has greatly increased JIATF South's workload, which goes directly to your question of intelligence, but it has apparently come with no additional resources or personnel, so they now have Caribbean and eastern Pacific, and at the same time, the Defense Department has reduced their budget. So while we are talking about the importance of intelligence, we have consolidated and factually reduced, and it did not transfer those resources. In other words, they reduced JIATF West when it went, and they did not transfer them to the south. So given this DOD reorganization, what have you done to make sure that we have adequate resources that they can manage it in JIATF South?

Mr. WALTERS. The use of those interdiction resources, as you know, are something that we at times have to triage because of the platforms and the need for those platforms in a variety of missions. When we raise the threat level, we pull Coast Guard and other military assets into roles that may pull them out of interdiction service and have in the past, as well as when we have other kinds of demands throughout the Caribbean and the Pacific that are specific and may move some of these around. We have a limited number of these platforms and personnel. So in some cases, yes, it is a dollar issue, but in some cases, it is a matter of you have to use the pieces that are on the board at the present time. There have been and there are people as you know as well as I who have worked heroically over time in this area as in other areas of Homeland Security and Defense to do the additional job that they have had to face since September 11, 2001. I think their results speak for themselves. It is historic levels of seizures which no one has ever seen before. In fact, levels that, for the first time, give us the possibility of having a fundamental change in the ability to market some of these substances on the basis of a significant contribution from interdiction. We are trying to work to make sure that these resources are allied, but as you know as well as I, I cannot tell you that we do not base demands on military personnel, military budgets as well as Homeland Security agencies. So we are trying to triage this.

I do not think that anyone can say that the budget as it was presented is chintzy with regard to Homeland Security or the war on terror. We have tried to focus on that, understanding it is the first priority. Yes, we are still—we still have limits. And so I understand your point, and I will continue to try to work to help to make sure

the resources are there. My staff works regularly with the people in those centers and in those agencies.

I would expect that at times and sometimes for some duration, people are going to feel some additional weight and sometimes we do not have all the platforms we want. We are trying with this budget to increase the available flight hours, for example, from air time patrol aircraft, which are a critical part of the interdiction process. We are looking at deploying and the Coast Guard has been heroic in deploying more of the hitron teams that are so effective in this kind of interdiction in most of both the East Pac and the Caribbean. Again, though, I would say, the achievement here under these circumstances is largely because of substantially improved intelligence that helps to give us the ability to use platforms in a targeted way. As you know, you have seen this, there are vast amounts of ocean and vast amounts of air and vast amounts of land that you have to cover. And if you are out there patrolling around looking for something, you are not going to find much.

Mr. SOUDER. Does it make you sick to your stomach when you hear people at these intelligence agencies saying we can see this stuff moving, but we do not have the resources to stop it, knowing people are going to die on the streets of the United States because we do not have the resources to stop it, now that we know it is coming?

Mr. WALTERS. Sure. But the goal here is—I also am aware that this is—it is an operational setting. You try to have as many resources as you can in an optimal way because there are demands on resources other places that are also designed to save lives. We cannot just make sure everybody has everything they want in one sector all the time and that means we are going to try to optimize productivity and make a judgment about how.

Mr. SOUDER. Part of what the frustration, and it is bubbling up in Congress is that we had a battle in the last administration of where initially the Defense Department had put drug use. They had put it at the bottom. By the end of the Clinton administration, to their credit, they had moved it back up. Our current defense secretary moved it back to the bottom, so we have seen it weaken at JIATF Six. And consolidating it into Northern Command, we are having the battle over air time assets in the Caribbean and South America.

We are having a similar battle over in Afghanistan that I am going to get to in a minute, and the fact is that we have intelligence. They have pulled refueling support out, which has been very critical, and we could get that in a speculative question of potential terrorist activity, when we know we have 20,000 to 30,000 people dying annually of drug abuse, when we see a load of cocaine and heroin coming and do not catch it because we are trying to prevent something that we do not have—it is a risk assessment game here. None of us want a nuclear, chemical or biological attack to hit the United States. None of us even want a small dirty bomb to hit the United States. The question here is that you have to do risk assessment, and this is what some of us are pushing.

Sometimes you are going to need to be the skunk at the picnic because somebody has to say, you cannot put it all over here for an infinitesimal risk and ignore what is coming at you. That is ter-

rorism in the streets of Baltimore, terrorism in the streets of Fort Wayne, and let it come when we see it coming, where we know it is going to land. But we have a boat pulled over here because there is a one-one-thousandth of a hundredth percent chance that something may be coming over here, and everybody panicked. That is literally what is happening right now in the resource battle because nobody wants to get blamed for missing something because we have diverted resources. That is why we are questioning the ICE budget, because it does not reflect that these resources that might be dedicated to drugs, the second they have any kind of warning they go off of drugs; whereas if it is a drug agent who is assigned to that, like we are battling the Air and Marine Division, if it is somebody trained to be a drug agent, we know that the likelihood of them being diverted for anything but a real threat is minimal. But if it is a budget item that says this is for narcotics and it is not a dedicated narcotics person, it means that about 80 percent of the time, they get diverted. The boat, unless it is a clear drug boat, gets pulled back into harbor. So we get accounted in the drug budget—gives us, oh, we are flat funding drugs, but in fact, we are not. The same thing with air platforms. We need to know out of—your position is that you are going to be a strong advocate internally and stand up and say, look, we understand there are other problems but I am the drug guy and you cannot forget us or we are just going to get run over by the huge complex that is pushing the terrorism on the Defense side which are important and which every Member of Congress campaigns on, including me, but not at the expense of forgetting what is happening at the grassroots level as people are dying in the streets back home.

Let me get into Afghanistan, and I will finish with my round of questioning here. I have become concerned that not only did we allow the biggest growth in heroin in modern times there on our watch, partly because this was a low priority and the Defense Department does not grant the link between, or has not at least historically granted the link between terrorism and drugs. They did not understand how many people were dying around the world apparently in their effort because it is a very difficult terrain. It is a very difficult country that nobody has ever been able to get control, including the Afghanis themselves under any administration in their history. We know that there are warlords in the north who get tied up with it, but most of it is down in the Kabul area that is critical to the support of the government.

It is not like I have not been there, I have not talked to, I have not met with Kurds. I know how difficult the process is. But the fact is that, on our watch, it soared. We had knowledge of where this is and we have not sprayed it. the British did not spray it, and then we did not spray it. Secretary Powell seemed very committed, but the current Secretary seems to be backing up, and I have a very deep concern about that. And in the last 2 weeks, we have seen a whole bunch of publicity on the news that seems more to be praising the efforts rather than acknowledging that our efforts there are miserable, that they put several DEA agents in who are more or less trapped in Kabul. We holler about getting them helicopters, and then they put proposed second-rate Russian helicopters or other helicopters rather than the helicopters that we

would put our own military in. And then act like two DEA agents are going to solve the heroin problem there without military support. They need Huey helicopters. They need soldiers to protect them coming in.

We would not dream in Colombia of doing what we are doing in Afghanistan. And if the administration continues to defend not spraying, low-grade helicopters, minimal in Afghanistan, I do not know how I can go to the floor with a straight face or go down to Colombia and tell them, by the way, you have to spray. By the way, we need helicopters that are high-level helicopters. By the way, we need to have troops to support you on the ground so you do not get shot out of the air when you go to your area. Because what has worked, as you have said, in Colombia is having these type of things. And in Afghanistan, what in the world are we doing? Those people who have been involved in this are disturbed that other Members of Congress are going over there and getting a whitewash. The question is, is somebody in the administration going to stand up and say, look, you are doing better than you were a year ago, but the fact is, as you have said in front of our committee and I have said, the Taliban had a huge jump in heroin. Then for 2 years they basically went down because they stockpiled it. So there is some news story or some spray story on the national news that says, oh, the opium farmers in south Afghanistan decided not to grow this year. They just had the biggest growth in world history in Afghanistan. So what if they do not do it a year or two? We did not send any message. And we are urging them to do alternative crops. What we know is alternative crops will not work unless they see they are not going to make the money out of heroin. Then they will talk to us about alternative crops. Is anybody taking this message to the rest of the administration?

If Secretary Rice and Secretary Rumsfeld both develop this attitude, we are in deep trouble. At least Secretary Powell was battling with Secretary Rumsfeld about it, and Congress has been battling, and we need to know where you stand, and are you going to speak up on our problems in Afghanistan?

Mr. WALTERS. Let me start by saying, the budget that we are discussing includes one of the largest single 1-year increases, I think, in any place outside the Andes for Afghanistan. We are putting resources there. We have done resources in regard to the supplemental. The circumstance I think we also need to be in, as you and I have discussed this before, we may see this in slightly different ways. Several years ago, Afghanistan for the first time got its independence. Within the last year, it not only elected its first President but, just before that, got its first constitution.

As people reported at the time, some people who voted for the President said, for the first time in 5,000 years, somebody asked the people of Afghanistan who they wanted to have govern them. I think we have seen the benefits of democracy here.

We all understand that the largest single threat, I think, including President Karzai, but certainly the Secretary of State, the current Secretary of State, the Secretary of Defense, certainly the President and my colleagues at the White House, that one of the single, if not the single biggest single threat to the democracy in Afghanistan is opium production.

President Karzai has sought this time, this year, to respond to what everybody thinks is remarkable growth from last year's production by organizing the leadership in the fledgling democracy, the Governors and some of the other leaders, to knock this down themselves.

He strongly made the argument that for this year he doesn't want to spray it. Frankly, our ability to move and put in the infrastructure we have in Colombia in several months was probably not a very conducive situation to have a massive or significant spray.

You know we are talking about over 200,000 hectares of poppy. We sprayed 130,000 to 140,000 hectares of coke in Colombia in a 12-month period last year, with a full and uprunning program. Poppy has to be eradicated in roughly 3 months, and we have doubled the area.

The ops tempo would have to be, if you look at that, six to eight times the rate of what you have in Colombia. You can't—even the United States cannot drop that in 2 months. And as I think, because you have been involved in this, you also know, my experience in working with countries in the world is it makes an awful lot of difference whether the leader of that country wants to do this.

The difference in Colombia today, while we have resources that are obviously critical—the single biggest difference is President Uribe. His goal is zero coca, zero poppy in Colombia. And he has aggressively pushed that. We have leaders in other countries that have been our partners, who are working hard in difficult circumstances, but they are not as committed, they are not as able.

Now, for President Karzai to ask for this year, to say let me do it my way as the new leader of Afghanistan, let me try to rely on Governors—some of which I have transitioned out and put in my persons, some of the leaders and some of the military leaders that we have moved, let me put an Afghan face on this. Let's not have, in this new democracy, spraying, given some of the history of these factors in the past with Russia and/or Soviet Union and Afghanistan. Let me try to do this my way.

Now, I don't know whether some of these accounts that have been recently written about how much progress was made—I am always skeptical of these things until we prove them. We have teams, as you may now know, looking out to see if we can verify this in the report term, and we will report these obviously to you and other Members of Congress and the American people as soon as we have something definitive.

I don't believe we will have a survey until the end of the year, but we can see, hopefully, with enough people out there, what's going on. But many of us do believe that ultimately if you are going to eradicate on a large scale, you are going to need to do spray.

I will point out, though, that when President Uribe took office, most of the people who gave an assessment of him, including not only intelligence agencies, but some people in Congress and then the executive branch, said he cannot do what he says he is going to do. And every single case, in my experience, everything he said he is going to do, he has done or he has done more than he said he was going to do.

I don't know what the relationship will show in the history between President Karzai and what he says he is going to do in his

achievements, but I do think in a new democracy, and given the importance of the leadership of the nation, and under the circumstances we face with the logistical situation of our own, giving him a chance to show what he could do in Afghanistan is a reasonable position.

Now, on the issue of how much do U.S. agencies support this, as you know we are training police, military, supporting court systems, alternative development, infrastructure development, all those things are ongoing. They are in a difficult security environment in some places. There are other priorities that we have had to face over the last several years that have made our ability to have to triage security situations—and while supporting elections and other things—not the easiest task even for the United States of America.

I don't believe that we have made bad decisions. Now, an individual emphasis here or there, but I don't believe that we have failed to do what we could do under the circumstances. But that doesn't mean that we are happy with where the poppy or where the opium trade is. We need to go after it more aggressively. We are proposing—and my office has been involved directly in creating a strategy that includes five parts that we are going to try to implicate on eradication, institution building, alternative development, standing up, cooperation, domestically and internationally, that we believe will make a difference.

But, again, until we get there, I am not saying it is done, but I do believe the path for creating a better situation not only for democracy, but for the drug trade, is a path that we can reasonably expect ourselves to follow.

Are we impatient as you are? Of course we are. But I do think that while reasonable people might differ about emphasis or how we construct this, given where we started, given the primitive circumstances that we are in, given how fast this came back, and under the overall threats we felt and we had to face in the global war on terror, Afghanistan is a remarkable success in terms of where institutions are today. We have to get rid of the poppy. And President Karzai is saying—and I think the people around him understand that, and that, as a lead partner in this relationship, is critical.

Mr. SOUDER. I appreciate your explanation. I believe if the American people knew the classified material, they would be outraged, and I believe as that comes out, we are going to face a problem here in Congress that is greater if the administration doesn't address directly and aggressively what is impossible to sit on indefinitely.

That the fact is that we knew where supplies were, and we didn't attack them; that there were political reasons not to do so; that we don't control much of the ground now; that President Karzai has given us lots of words, and I have heard them, and I believe he is an honest man trying to do this.

We do not take this out of President Toledo in Peru. He is in a teetering democracy that just had a terrible administration. He is in a teetering position. That democracy could fall. In Bolivia it could fall. In Ecuador they had seven Presidents in 9 years.

And if they start looking at it and saying oh, teetering, we can't do this, we send messages that are going to reverberate around the world based on trying to treat Afghanistan as a different type of a country than other countries. I understand that; historical.

But, hey, the heroin wasn't there when the king was there. It was not a democracy but it was a quasi-democracy, and it was a nation for a long period of time, it was not unorganized. And it had a period where it went chaotic. And I know it's difficult; it's difficult in any country.

President Uribe did have the courage to come in, but partly what he saw was DMZs, like we have right now in Afghanistan, do not work. In fact, in Afghanistan we have 80 percent of the country in a DMZ like we had in Colombia, where we can't eradicate, where we can't go in, and that type of approach in Afghanistan—maybe it's too late this year.

The British were in charge of it in the first place. We did a hearing on that. It may have been too late to get in this year. Then we ought to be going for the stockpiles, because we are going to spend millions and millions of dollars trying to interdict around the world now as a followup because we didn't spend it at the front end. And that's what I would say.

Mr. WALTERS. I want to be clear. We don't believe it's too late to eradicate. In fact, we are training a centralized eradication force that will be in the field doing force to eradication, in addition to the supplements that President Karzai is organizing or attempting to organize with some of the provincial leadership. I was talking about aerial eradication only at this point in time. Again, I think that ultimately on the magnitude that we are talking about, there will be a considerable lead for aerial eradication.

Mr. SOUDER. Manual eradication can't even begin to hit a tiny portion, particularly when it's not safe to go on the ground—and the only areas we can eradicate, and this is what we ran into in Colombia—is that if you only eradicate manually a small section of a country—and that's a country that, in effect, you control the ground—what they do is they just plant in other areas where we don't control the ground.

The military has to get involved in this, because this is a shooting war. And the DEA and the State Department are not going to be able to do spray planes. How is the DEA going to do a bust in trafficking when people have all sorts of military weapons? That in Colombia we don't ask three DEA agents to go in with some State Department employee flying a plane. We have to have all kinds of trained units to protect them. The only organized force right now in Afghanistan is our military.

And if they don't take responsibility, the world will be so flooded with heroin that we won't get this undone for 8 years. And that's what many of us in Congress who have worked on this issue—Congressman Dana Rohrabacher is upset, Congressman Mark Kirk is upset, and furthermore downplaying it on the military side, which is what we are trying to do right now, and saying, oh, it's not that great of a problem and they are going to be good for a year or two.

This is what the Taliban did. And they didn't even produce at the level of the market to keep the price up. They have enough right now unless we hit the stockpiling and go aggressively at this, this

will be a long-term set back here, and we don't have a year for some of this.

Mr. WALTERS. Well, let me just say, I don't believe anybody is downplaying this. I don't believe that the President, I don't believe the Secretary of Defense, Secretary of State, I don't believe the other officials that I work with, I don't believe the British are downplaying it. I don't believe President Karzai is downplaying it. They understand it's central to the future and the stability and the possibilities of peace and stability and democracy in Afghanistan.

The question is, what is a reasonable plan for the way ahead? We don't intend to drop three DEA agents anywhere and tell them to go do X or Y. We are creating coordinated teams with Afghans and U.S. personnel, some DEA, some others.

We are working with the British, we are working with other countries that have responsibility for some of the areas or cities of Afghanistan, to integrate the enforcement against labs, against people that are involved in trafficking, against the growing cultivation, and the interdiction of the movements of drugs and drug-related movements of precursors and others.

Again, we are creating an integrated plan. We are standing it up in an environment which is more primitive even than Iraq. We are trying to create this with a country that wants to have leadership in its own country. I think the key here is, you know, there are limits to the resources and the people that we can play to kind of take over Afghanistan.

But also, more than that, you have to give the country back at some point. You know, what we have in Colombia is, certainly, a lot of U.S. support. But the massive effort is Colombians, and Colombians that we have helped train, we have helped support. We are on some operations with them. We do provide equipment.

But basically, you know, the operation—and I think what is so impressive about the cooperation is how the Colombians are taking it to the forefront, and I think that is a difference from some other places and sometimes in the past, even from Colombia.

President Karzai is asking to have his people in the forefront. We are supporting him, including the U.S. military. What the ops tempo is, I recognize there are some people over there who, you know, criticize some of the other agencies when they are not there; they don't do what they want, so forth. This is part of our job to try to manage this in reasonable ways.

I don't consider the goal of making nobody unhappy reasonable. But you are fair to say it has grown. It is unacceptable, it has to be contained, it has to be shrunk for both reasons of drug control and reasons of controlling terror and providing stability in Afghanistan.

But I disagree in the sense of, you know, people don't get it. We get it. We are trying to do it. We are trying to do it as rapidly as possible. Do some people have a view that we should have done more, faster, in this area? I understand that they do.

I sit through these meetings. I know demands on other sectors and personnel here. I do not believe that it—that what has been done was either unjustified or unreasonable because somebody was heavy-handed. I know that people believe that defense has not

been as aggressive as it could be and reasonable people may differ about that.

Mr. SOUDER. Drugs are running 24th, or they are our 24th priority, I think it's a safe assumption.

Mr. WALTERS. Well, except that if you look at what the Defense Department is doing, it is not 24th out of 24 priorities. It has maintained its funding, it has maintained its support in critical areas. It has been aggressive in providing support for critical parts of this effort.

The reason we are better—again, I understand what you said earlier, which I didn't get a chance to comment about. Now if we see drugs coming to the United States from South America, we don't stop it. Of course it's troubling. But again, let's step back and look at what the record is.

We have historic seizures, massively fewer drugs are getting to the United States. Not a few fewer; massively fewer drugs are getting to the United States than ever before—through the support of Congress, plans, and the Andean initiative that was started before I got here, and started originally in its original form during President Bush's father's administration—and massive increases in the effectiveness of interdiction. I'm sorry that some of that is not maybe as prominent or balanced on the Web sites of some of the agencies.

But do I care more what is on the Web sites or what is not getting to the streets of America? The fact is, those men and women are saving lives every day with what they seize. Are we going to do better? We are all dedicated to try to do better.

But again, I don't think it's fair to leave the impression that there's a massive amount that we are not getting, or it is staying the same, or we are declining in our effectiveness. We are massively more effective, not slightly more effective, massively more effective every year. And I believe the budget that we are proposing will capitalize on that project.

Mr. SOUDER. Well, thank you very much for being patient today and taking so many questions.

I believe that we have been more successful. I am very concerned about the changes proposed inside the Department of Homeland Security from the Shadow Wolves to the Air and Marine Division, to how they are using the Coast Guard that will reduce that effectiveness.

I am concerned that they are lowering their emphasis and funds to drug intelligence. I am concerned that, given the fact that we have made our first progress due largely to your aggressive approach, that we seem to be backing away from some of the other things.

I do want to say that in the budget, I very much appreciate your continued advocacy of the treatment programs. I thought there were a number of programs in there from drug courts to prison reentry-type things that are very important that have been neglected. And what we do inside the prisons, the President said he was going to focus on this, and he is beginning to address that and I hope you will continue to work with us on that.

Because that is a key part, and I think you have a balanced approach overall, but we have some strong disagreements, and I am

sure you are going to hear about it from a lot more committees than this one, and we will continue to work together.

With that, thank you for being with us.

And we will go to panel II.

Mr. WALTERS. Thank you, Mr. Chairman.

Mr. SOUDER. If you will stand, we in this committee, we do as an oversight committee——

[Witness sworn.]

Mr. SOUDER. Let the record show that the witness responded in the affirmative. Thank you for your patience as we work through this budget, and thank you for joining us today.

Will you go ahead and give us your testimony?

STATEMENT OF PETER REUTER, PH.D., PROFESSOR, SCHOOL OF PUBLIC POLICY, UNIVERSITY OF MARYLAND

Mr. REUTER. Thank you very much.

Mr. Chairman, I am pleased to be here today to speak about the workability of the current ONDCP budget concept. I am a professor at the University of Maryland and a researcher at the RAND Corp., but the testimony represents my own opinions, not those of either RAND or the university. And I hope my written testimony may be entered into the record.

My testimony will not deal with the proposed 2006 drug budget but with how well the current ONDCP budget concepts serves Congress and the public as a representation of Federal drug policy. The agency made major procedural changes in 2003. I argued that ONDCP changes, if properly implemented, could generate a useful document for that agency. However, there still remains a need for ONDCP to prepare a more comprehensive document, fully representing what the Federal Government spends to reduce the Nation's drug problems, and providing the basis for fully informed policy decisions.

Moreover, there were problems in the implementation of the new procedures that resulted in the omission of some major policy items that, even under the rationale offered, ought to be included in the budget.

Let me start by saying that the drug budget serves a number of purposes. For many years, it provided just an important description of the Federal component of U.S. drug policy. It also serves more functional goals as well. Very few individual programs have been evaluated, and so the drug budget was often interpreted as providing a broad sense of how well the Federal Government was doing in its drug control decision. And in the 1990's, ONDCP constructed an elaborate performance measurement system linked to the detailed budget.

Until 2002, the published budget aimed to be as comprehensive as possible about Federal expenditures. The resulting figures had limitations as a tool for policy decisions by ONDCP.

Consider Federal prison expenditures, which I will come back to, a major item in the old budget. Given the flow of convicted offenders from the courts, two factors determine these expenditures. The existing laws, mainly the mandatory minimum sentences for drug offenders in Federal court; and two, the guidelines established by the U.S. Sentencing Commission.

If Congress wishes to spend less on incarcerating convicted drug offenders, it will have to reduce minimum drug sentences and/or direct changes in the guidelines. Neither of these are options for ONDCP in its budget certification and policy role. Plus, Bureau of Prison expenditures for incarcerating drug offenders did not represent a number that ONDCP could influence. Medicaid presents the same kind of budgeting programs, an entitlement program; there is little direct budget flexibility. The real power to address substance issues in Medicaid, which can be quite substantial, is through other policy leaders that might increase the eligibility of high-risk populations.

In 2003, ONDCP developed a new budget concept. First, it would only include programs that reduced drug use and not those that only reduced the consequences of drug use.

Second, it would not include expenditures that were buried in much larger and broader programs, although the director mentioned a few exceptions. The two distinctions proposed are reasonable ones. Subprograms that reduce the adverse consequences of drugs, such as health care for AIDS patients, or, indeed, prevention aimed at AIDS, in fact as a consequence of sharing needles, will have no effect on the level of drug use. This may be a worthy program, but will not have consequences for the targets that ONDCP uses to assess progress in the fight against drugs, and ONDCP is not alone in making this kind of distinction.

The British Government, a sophisticated practitioner of drug budget arts, makes a similar distinction among programs, using the terms proactive and reactive. The other change had a more pragmatic basis; agencies with small drug-related workload or programs addressing a wide range of issues, beyond drugs, were removed from the budget unless funding could be reorganized and displayed to show drug funding in discrete decision units.

Done properly, these two changes would allow ONDCP to focus its attention on programs that specifically target drug use and that are not buried inside larger programs, a reasonable enough exercise for the agencies on purposes.

However, there were two problems. First, as implemented, the new budget does not seem to meet the criteria laid out for it. Important items that should be included are omitted.

Second, and perhaps most important, there's a need for a most comprehensive budget for broader public purposes, not just ONDCP's decisionmaking.

The major difference between the two budgets, the two budgets under the two procedures, as shown by comparisons provided for fiscal year 2003, is the exclusion of almost all costs associated with the incarceration of Federal drug prisoners and the exclusion of most prosecutorial expenditures.

These amount to about $4.5 billion, according to an estimate by John Carnevale, former ONDCP Director. The only Bureau of Prison expenses included in the new budget are those aimed to lower drug abuse among prisoners. Thus, the Bureau appears by function only as a treatment agency. This seems consistently odd.

Incarceration and prosecution are intended to reduce drug use by affecting the supply side of the market. The vast majority of Federal drug inmates are there for smuggling or selling, rather than

using or possessing drugs. Incarceration is what makes investigation, what is included in the budget, effective as a method of deterring drug dealers.

Investigation does impose its own costs on the drug distribution system through seizure of drugs and assets. However, the bulk of the penalties that Federal enforcement imposes on drug distributors result from incarceration rather than from these other penalties. Thus, if one seeks to estimate the total costs of Federal efforts to reduce drug use, then both prosecution and incarceration are being included, not just investigation, as is now the case.

Moreover, the Bureau of Prisons is not an agency in which drug control is buried in a much broader mission. The majority of BOP inmates are drug offenders. Thus, even by the second of the tests offered by ONDCP, namely the explicitness of the drug control role, its expenditures could be included.

A similar question can be raised about the exclusion of most prosecutorial expenditures. Prosecution precedes incarceration and is also a critical component of the drug enforcement system, but logic for including incarceration costs in Federal supply control efforts applies equally to prosecution.

I have only had the opportunity to mention a few examples of the problems created by the new procedures. More are provided in the written testimony. The reformulated ONDCP budget concept, if properly implemented, can serve a useful purpose. It focuses the agency on what it can influence. However, the budget documents need to be supplemented by the re-creation of the old, more comprehensive budget, which can inform the broader debate about drug policy. This will allow the Republican Congress to better understand the cost of current policy and help them make more informed decisions about issues that are important that lie outside of ONDCP's jurisdiction.

It would be even more useful if the budget were to include regular estimates of expenditures by State and local governments. The only estimate ever made, done for 1991, showed that State and local governments spent as much as the Federal Government, if not slightly more. Probably true today. Estimating these figures is complex but feasible. If Congress wishes to have a full understanding of drug policy in the Nation and the role that Federal programs play, it needs this broader set of figures, at least on an occasional basis.

I am happy to answer questions.

Mr. SOUDER. Thank you for your testimony.

[The prepared statement of Mr. Reuter follows:]

Draft

Testimony to House Committee on Government Reform, February 10, 2005

"An Assessment of ONDCP's Budget Concept"

Peter Reuter

Mr. Chairman: I am pleased to be here today to speak about the workability of the current Office of National Drug Control Policy budget concept. I am a professor of Public Policy and of Criminology at the University of Maryland and a researcher at the RAND Corporation, but this testimony represents my own opinions, not those of either the University or RAND.

My testimony will deal not with the proposed 2006 drug budget, whose details I have not studied, but with how well the current ONDCP budget concept serves Congress and the public as a representation of federal drug policy. The agency made major procedural changes in 2003, arguing that the old budget was not helpful for policymakers. I argue below that ONDCP's changes, if properly implemented, could generate a document useful for ONDCP's purpose. However there still remains a need for ONDCP to prepare a more comprehensive document that would fully represent what the federal government spends to reduce the nation's drug problems and provide the basis for fully informed policy decisions. Moreover, there were problems in the implementation of the new procedures that resulted in the omission of some major policy items.

Background

Let me start with a bit of background. Drug budgets have been a staple of the drug policy debate since 1973. By the time that ONDCP began operating in 1989, the methodology underlying the drug budget was well-established. Specifically, the budget was divided between demand-side programs (prevention and treatment) and supply-side

programs (domestic and international enforcement), a division that had already provided a major battleground for public debate throughout the 1980s. Congress initially required statutorily that ONDCP report the division of expenditures between demand and supply reduction; while it continues to report this division, it gives the division less emphasis. Federal agencies were given guidelines to produce defensible estimates of how much they were spending on drug control under different program categories to reduce U.S. drug problems. As a result, the length of the budget document accompanying the release of the annual *National Drug Control Strategy* came to exceed the length of the strategy itself.

The drug budget served a number of purposes. For many readers, it provided an important description of drug policy. That policy, of course, is the set of programs and laws governing drug use and distribution. It has many dimensions, such as the number of persons in treatment, the share of school children age 10–14 receiving drug prevention programs, and the number of persons prosecuted for selling drugs. Much of that policy is the result not of federal decisions but of the independent decisions of state and local governments. Still, the federal government has been an important actor in most aspects of policy. In short, the federal budget, giving both total federal expenditures and the composition of such expenditures, was one important part of the description of national drug policy.

In addition to serving this descriptive role, the drug budget served more functional goals as well. In the absence of much evaluation of individual programs, the drug budget was often interpreted as providing a broad sense of how well the federal government was doing in its drug control decisions. For example, if interdiction expenditures were rising

and more drugs were flowing across the border at lower prices, then a question might be raised about whether the interdiction program was being effectively operated. In the 1990s, ONDCP constructed an elaborate performance measurement system linked to the budget.

Until 2002, the published budget aimed to be as comprehensive as possible about federal expenditures. Specifically, it included any expenditure that had a link to drug control. The resulting figures had limitations as a tool for policy decisions. To pick an easy and high-profile example, consider Bureau of Prisons federal prison expenditures, a major item in the old budget. Given the flow of convicted offenders from the courts, two things determine these expenditures: (1) existing laws, namely the mandatory minimum sentences for drug offenders in federal court; and (2) the guidelines established by the United States Sentencing Commission. If Congress wishes to spend less on incarcerating convicted drug offenders, it will have to reduce mandatory minimum sentences and/or direct changes in the guidelines. Neither of these are options for ONDCP in its budget certification and policy role. Thus, Bureau of Prisons expenditures for incarcerating drug offenders did not represent a number that ONDCP could influence.

Medicaid presents the same budgeting problem. As an entitlement program, there is little direct budget flexibility. The real power to address substance-abuse issues in Medicaid is done through other policy levers. Change the coverage of the entitlement and the dollars follow to populations that are at high risk of substance abuse; for example, one might provide coverage for prisoners in their first three months after release, if they are unemployed.

These are two examples of programs that have been excluded now as being passive consequences of decisions about drug policy made earlier and not subject to revision on an annual basis.

Changing the Budget Rationale

In 2003, ONDCP developed a new budget concept. I quote in full the only statement to my knowledge that has been provided, at least until today, to justify the change. "Rather than being based on estimates derived after decisions were made, as was the case in previous years, with few exceptions this budget reflects actual dollars identified in the congressional presentations of drug control agencies that accompany the annual submission of the President's budget. Additionally, the budget reflects only those expenditures aimed at reducing drug use rather than, as in the past, those associated with the consequences of drug use. (The latter are reported periodically in *The Economic Costs of Drug Abuse in the United States.*)" (p.6, 2003 *National Drug Control Strategy).*

The two distinctions proposed are potentially reasonable ones. Let's begin with the distinction between programs aimed at reducing drug use and those aimed at ameliorating consequences. Some other nations, most articulately the United Kingdom, have used a different terminology to make a similar separation. They refer to proactive and reactive expenditures.

A recent UK exercise provided definitions and examples: "Proactive budget and spend is that which is aimed at tackling the causes of the drug problem. Examples include supply reduction, prevention and anti-drugs education. Treatment is also proactive although, by definition, reacting to an existing problem rather than preventing it at source." "Reactive budget and spend is that which results from the drugs problem but

which, of itself, does little, if anything to solve it or address the underlying causes. Examples include most (but by no means all) police enforcement costs, prison accommodation and court costs." For accountability purposes, agencies were required to focus on the proactive items in this exercise.

However, the resulting "proactive" document is only one of two separate budgeting exercises that the British government undertakes. Indeed, to my knowledge, the proactive document has never been published, and it deals with much less than half of total drug control spending. The British government also occasionally publishes a comprehensive budget that includes "reactive" programs. This broader budget breaks down all targeted expenditures and is very reminiscent of the approach developed by ONDCP in the 1990s. The targeted funds are divided on the basis of goals. The four enumerated objectives are to (1) reduce the proportion of persons under 25 reporting use of Class A drugs; (2) reduce the levels of repeat offending among drug misusing offenders; (3) increase drug treatment enrollment by drug misusers; and (4) reduce the availability of Class A drugs. In each case, the target was a 25 percent change by 2005. Note that Goal 2 is about consequences rather than use itself.

The other criterion offered by ONDCP in 2003 for program inclusion is harder to interpret and understand. "[W]ith few exceptions this budget reflects actual dollars identified in the congressional presentations of drug control agencies that accompany the annual submission of the President's budget." ONDCP's new approach is to focus on agencies and programs that are narrowly focused on supporting drug control activities. Agencies with a small drug-related workload or with programs addressing a wide range

of issues were removed from the budget unless funding could be reorganized and displayed to show drug funding in discreet "decision units."

Done properly, these two changes would allow ONDCP to focus its attention on programs that specifically target drug use rather than its consequences and that are not buried inside much larger programs that have much broader goals. That seems a reasonable enough exercise for the agency's own purposes.

However, there are two problems. First, as implemented, the new budget does not seem to meet the criteria laid out for it. And second, and perhaps more important, there is a need for a more comprehensive budget for broader public purposes.

Problems with Implementation

The major difference between the two budgets (as shown by the comparisons provided for fiscal year 2003) is the exclusion of almost all costs associated with the incarceration of federal drug prisoners and the exclusion of most prosecutorial expenditures. These amounted to about $4.5 billion, according to estimates by John Carnevale, former ONDCP budget director. The only Bureau of Prison expenditures that are included in the new budget are those that try to lower drug abuse among prisoners. Thus, the Bureau appears, by function, only as a treatment agency.

However, doing this seems odd. Incarceration and prosecution are intended to reduce drug use by affecting the supply side of the market. The vast majority of federal drug inmates are there for dealing offenses rather than for using or possessing drugs. Incarceration is what makes investigation, which *is* included in the budget, effective as a method for deterring drug dealers. Investigation does impose other costs on the drug distribution system through seizure of drugs and assets. However, the bulk of the costs

that federal enforcement imposes on the drug distribution system result from incarceration rather than from these other penalties. Thus, if one seeks to estimate the total costs of federal efforts to reduce drug use, then both prosecution and incarceration should be included, not just prosecution, as is now the case.

Moreover, the Bureau of Prisons is not an agency for which drug control is buried in a much broader mission. The majority of BoP inmates are drug offenders. Thus, even by the second of the tests offered by ONDCP, namely the explicitness of the drug control role, its expenditures could be included.

I have noted earlier that incarceration can be regarded as a passive consequence of standing law rather than as the product of active policy decisions by ONDCP. That is a reason for distinguishing BoP expenditures for analytic purposes, because ONDCP cannot exert much influence on them. However, it is not a reason for excluding them altogether from the federal drug budget that is reported to Congress as a measure of what is spent at the federal level to control the drug problem.

A similar question can be raised about the exclusion of most prosecutorial expenditures. Prosecution precedes incarceration and is also a critical component of the drug enforcement system. The logic for including incarceration costs in federal supply control efforts applies equally to prosecution. ONDCP may reasonably perceive prosecutors as essentially reactive, having to deal with the flow of defendants brought to them by the investigative agencies and not having a lot of policy choices. However, it is of interest to Congress and the public.

Implementation of the second change has also caused problems of exclusion and over-inclusion. For programs that are 100 percent drug-related, this new approach of

choosing only agencies with budgets that can be labeled as drug control poses no problems. However, most agencies with drug control responsibilities have much broader missions and lack specialized units. This can affect the drug budget and ONDCP's ability to coordinate policy development in two ways. First, some agencies are required to report non-drug funding as part of their budgets. This means that funding that has no drug-related nexus is included in the ONDCP drug budget. In 2003, $571 million was added to the drug control budget because the funds happened to be included in programs that ONDCP retained in the drug budget. For example, in SAMHSA, adult alcohol funding and funds supporting program management staff for mental health activities were included in the budget.

Conversely, ONDCP discontinued the scoring of many programs because their drug-related activities could not be easily identified in, or gathered together as, line items for budget reporting purposes. IRS presents an interesting example. That agency was dropped from the drug budget in fiscal year 2004 because a consolidated "line item" could not be identified for the drug-related efforts, even though their money laundering investigations would include many targeted on drug traffickers. The fiscal year 2006 budget re-establishes the IRS as a drug control agency because the High Intensity Drug Trafficking Area program and the Organized Crime Drug Enforcement Task Forces are now in agency budgets (as opposed to transferring the funds from the HIDTA and OCDETF accounts). The IRS conducts similar investigations with the $56 million that is being included by ONDCP in fiscal year 2006 and the roughly $40 million (the level last reported by ONDCP in 2002) that has been part of the agency's base funding level. No IRS expenditures were included in the intervening years.

The Need for a Comprehensive Budget for Broader Public Purposes

The above argument shows that as implemented, the new budget does not seem to meet the criteria laid out for it. But even if there were no implementation problem, there is still a need for a comprehensive budget to meet broader public purposes. For example, in addition to being required to certify about how adequate the budget is for each drug control program, ONDCP is required to certify drug program policy changes. ONDCP has only informal mechanisms established to review and approve of policy changes. By removing programs from the drug budget, and especially those like Medicaid ($500 million estimated for fiscal year 2003), ONDCP loses sight of the programs and the leverage of the budget certification process that could be used to re-enforce efforts to direct policy. For example, Medicaid might be a major treatment funder; under the new doctrine, Congress would not aware of this.

Also, ONDCP notes that many costs not included in the budget are included in *The Economic Costs of Drug Abuse in the United States,* which is an occasional publication. However, that report provides no detail about specific federal prosecutorial and correctional costs, just a total; moreover, the researchers who create the *Economic Costs of Drug Abuse in the United State* document are much less well positioned by training or access to provide the kind of interesting detail that was in previous budgets. More complete estimates are provided, but these estimates appear in an essentially academic publication, one that has a long lag time. In particular, the ONDCP web site currently contains a 2001 report presenting estimates through 1998 (with projections through 2001). As an academic and researcher myself, I suggest that this kind of delay is almost an inevitable consequence of the contract research process.

Recommendations

The reformulated ONDCP budget concept, if properly implemented, can serve a useful purpose. It focuses the agency on what it can influence. However, that budget document needs to be supplemented by the recreation of the old, more comprehensive budget, which can inform the broader debate about drug policy. That will allow the public and Congress to better understand the costs of current policy and help them make more informed decisions about issues that are important but lie outside of ONDCP's jurisdiction.

It would be even more useful if there were also regular estimates of expenditures by state and local governments. The only study that estimated such expenditures (which came out in 1991) showed total expenditures that were almost as much as those of the federal government. It is plausible, given the growth in the number of drug offenders in state prison, that this remains true, but that is very speculative. Nonetheless, it is clear that state and local governments spend many billions of dollars on drug control and that the federal budget is an inadequate characterization of either the level or the composition of U.S. drug policy expenditures. Estimating these figures would be a complex but feasible research undertaking. If Congress wishes to have a full understanding of drug policy in the nation and the role that federal programs play, it needs this broader set of figures.

I am happy to answer questions.

Mr. SOUDER. Mr. Cummings, do you want to start first?

Mr. CUMMINGS. You heard the testimony of the Director, did you not?

Mr. REUTER. Yes.

Mr. CUMMINGS. When I asked him—and I assume that you are familiar with the programs of Safe and Drug-Free Schools?

Mr. REUTER. I am.

Mr. CUMMINGS. You heard his comments with regard to that, we are now basically eliminating that program. I mean, did you have any opinion on that?

Mr. REUTER. Yes. Actually, about 4 years ago, I coauthored a study commissioned by the Department of Education, published by RAND, evaluating the Safe and Drug-Free Schools Act. And I must say, it was fairly negative about it.

That is to say that we felt the evidence suggested that money was very broadly used and not focused on drug programs, and many ineffective programs, certainly of unknown effectiveness and implausibly effective, were being funded.

Mr. CUMMINGS. So you would have been, I guess, generally in agreement with Mr. Walters with regard to—because it sounds like you are saying almost the same thing he said, that money was being spent on things that were not directly to address drugs used in drug prevention, and that it was very difficult to measure its effectiveness; that is, these funds' effectiveness in that program?

Mr. REUTER. That's correct. This was money that was treated almost like a formula grant, and the result was that, you know, money was given in very small amounts to schools and the costs of trying to evaluate, even keep track of what the schools were doing with these funds, was simply unjustifiable.

And the Clinton administration proposed a rather, as I remember, a rather clumsy restructuring in which there would be lots of evaluation. But if you take evaluation seriously, that really chews up a lot of money; and there was a question about whether you couldn't come up with a different way of distributing the funds that focused the funds more on high-risk schools, you know, the forces that tend to get money, distributed more evenly into almost a formula grant that go against that. But you could certainly design a program which did two things: one, focused on higher-risk schools; and, second, made better use of what is known about effective prevention programs.

Mr. CUMMINGS. Now, it is interesting that you said what you just said, because one of the things that Mr. Walters said during that discussion on Safe and Drug-Free Schools was that he found that one of the more effective uses of funds was to be able to, I guess for lack of a better term, search lockers and things of that nature, as I recall correctly. I mean, have you found that to be ineffective?

Mr. REUTER. I am not the person to sort of get to what are effective programs. I am a reader of the literature—and not much to go around.

Mr. CUMMINGS. I understand.

Mr. REUTER. Let me give you an example of the limits of what we know here.

Mr. CUMMINGS. OK.

Mr. REUTER. About 4 or 5 years ago, a panel of the Department of Education was asked to assess what were known to be effective and promising prevention programs. And about 150 providers of programs offered their curricula for judgment by that panel. At the end of the day, they identified nine as proven effectiveness and only, I think, two or three of those nine were broad-based drug prevention programs. Some were very focused, like those on steroid use amongst athletes.

The simple truth is that we don't have much basis for giving schools directions about what are good programs to use. That isn't to say there aren't good programs, but we do not have an empirical basis for making judgments of effectiveness.

Mr. CUMMINGS. Does the restructured budget stand in the way of formulating sound drug policy, do you think?

Mr. REUTER. Yes, I believe it does. I mean, not, I think, with the precise matter that we are talking about here. I mean, I think that could be fought in terms of the existing drug budget.

But I think the omission of the prosecutions and incarceration—I mean it's terribly specific—but that's a huge item. We are talking about $4.5 billion there, and so discussing the Federal effort without including that is discussing sort of the—discussing the land area of the United States but sort of skipping Alaska. I mean, it just gives you the wrong view about what the Federal Government is doing.

As I said, for ONDCP's purposes, I fully understand the Bureau of Prisons' decision. Prosecution was a little more difficult, but I understand the logic.

But if you are then talking about Congress as a decisionmaker, surely it's important to know what it is that is being spent on the enforcement side in the full, aimed at reducing drug use, not merely the consequences; and the prisons and prosecution are a very important component of that.

Mr. CUMMINGS. Shall we—I'm sorry, please.

Mr. REUTER. No, go ahead.

Mr. CUMMINGS. One of the things, when you mentioned prisons, one of the things I always found fascinating is how people's drug problems could become worse when they went to prison.

Mr. REUTER. Prison has always been a school for worsening of problems. I mean, it's not that nobody gets better in prisons, but rehabilitation is not what prisons tend to do. It's more like dehabilitation. I used to do work on organized crime, and I was talking to a low-level Brooklyn Mafia associate, and he got talking about people in Chicago, and I said how on Earth—I mean, he had hardly gotten to Manhattan; I mean, this is a guy, very local. He was talking about Chicago. He said, well, we are in Atlanta too. And you just sort of realize that these are, in fact, ways of both forging networks and improving skills, I am afraid, that happen and have happened over many generations.

Mr. CUMMINGS. Would you have liked to have seen more money, or would you have liked to have seen more money going into prisons to address drug problems?

Mr. REUTER. I mean, I think it's important to remember that the Federal Government is only a moderately important player in terms of prisons for drug offenders. I think the U.S. prisons have

about 60,000 or 70,000 persons in them for drug offenses, probably more like 250,000 in State prisons. And if you include local jails, that probably adds another 150. So if you are sure the Federal Government should be locking up more prisoners and more people for drug offenses, you really want to take it in the context of the total incarceration that we impose on——

Mr. CUMMINGS. That wasn't my question.

Mr. REUTER. I'm sorry.

Mr. CUMMINGS. My question was the prisoners that they do have.

Mr. REUTER. Yes.

Mr. CUMMINGS. Should part of our policy be to make sure that Federal prisoners get drug treatment?

Mr. REUTER. Oh, I'm sorry. It's not a particularly high-risk population.

Mr. CUMMINGS. I guess a lot of these people on that level, on the Federal level, may not even be using drugs.

Mr. REUTER. State prisons have a much higher high-risk population, so I have no judgment about exactly how many, and the Federal prisons are sort of better served than State prisons are. But if you had treatment resources for prisons available, it would be State prisons that are in most need of it rather than Federal prisons.

Mr. CUMMINGS. Let me ask you this. You heard my questions on Immigration and Customs Enforcement?

Mr. REUTER. Yes.

Mr. CUMMINGS. Can you comment on that, please?

Mr. REUTER. In the late eighties and early nineties, agencies were eager to show how much they were doing to deal with drugs, because it was the leading crisis at this time.

The drug crisis—the drug problem is an important problem now, but clearly not seen as anything like the leading crisis. Agencies understandably think that other missions have higher priority, and I think, very plausible, that at the margins they divert resources that had the drug label on them to other things. But I certainly am in no position to judge that has occurred.

Mr. CUMMINGS. And so if you were—and I know you are not trying to—but if you were to give some advice to us within your own parameters, as people who sit here trying to use the taxpayers' dollars effectively and efficiently and as persons who see methamphetamine use destroying people, and crack cocaine, powder cocaine, heroin, so on and so on destroying people and communities, and if you were to give an opinion or give advice as to things we need to concentrate on as legislators, what would that advice be?

Mr. REUTER. OK. I teach in a public policy school. We take advice seriously. That is to say, I don't particularly value my opinions about things. I am much more comfortable saying what are the consequences of choices than saying which you should make. There are no——

Mr. CUMMINGS. Well, why don't we do that? Why don't you give me the consequences of proceeding the way we are proceeding with the budget? You are familiar with the budget situation here.

Mr. REUTER. I——

Mr. CUMMINGS. The proposed budget. And I want you to tell me what you think the consequences will be if we proceed down that road, the road we are going now, as opposed to some other road that might take us in the more positive direction.

Mr. REUTER. OK.

Mr. CUMMINGS. How about that?

Mr. SOUDER. May I add a supplement to that to reinforce your question?

Mr. CUMMINGS. Sure.

Mr. SOUDER. For example, were you here for the last——

Mr. REUTER. The whole thing, yes.

Mr. SOUDER. Director Walters clearly stated over and over—and you could hear us fencing—that he sees nationalization and some of these programs, as opposed to the dollars going to State and local agencies, giving them resources, giving the prosecutors, for example—there is a very particular thing; what would be the consequences of that substantive change?

Mr. REUTER. You have asked me a broad question. I will take some liberties. The first thing is to realize that policy works very much at the margins of this problem.

If you ask why marijuana use went down through the eighties and then up through the mid-nineties, I defy you to find a plausible explanation in policy. I can put on a chart, two lines. One is the size of the cohort of—I think it's 14 to 19-year-olds, and the prevalence of drug use in monitoring the future for 12th grade, and you will be hardly able to see any light between them.

There are broad demographic factors and, in fact, cultural factors that drive a lot of these phenomena. And what you do with policy is going to have fairly modest effects on broad things like how many kids start using drugs. Doesn't mean one shouldn't try, but you should not have an expectation that these are going to make large differences.

The one kind of program from which you can make an exception, where you can say we really do have some evidence that we can make a difference in substantial numbers, is treatment. Now, in part it's because there was, until recently, so much hostility to drug treatment, that treatment—the treatment community had to, under pressure from Congress in particular, to constantly evaluate to show that they were able to make a difference in the lives both of the people they treated and the communities in which they operated.

So crime is lower in Baltimore because there's been an expansion of drug treatment, a very large expansion of drug treatment in the case of Baltimore. That we can argue with pretty strong evidence.

For everything else, you have impressions and contradictory evidence. If you ask me whether moving resources from Federal prosecutors to local prosecutors is going to make a difference, neither I nor anybody else has a basis for a judgment on that.

And I'm sorry that I, you know, that I sound unhelpful. But if you ask what is the empirical base from these decisions, the answer is minimal. And that's why, oddly enough, treatment, you know, scorned and despised for so long, actually now has something to offer. It can provide some evidence that it makes a difference. It doesn't mean that enforcement can't make a difference,

but it is really quite striking that the period during which enforcement has become greatly intensified as measured by the probability that a drug dealer, cocaine or heroin dealer will go to prison, over that period.

Cocaine and heroin, at least up till 2 years ago—I haven't seen more recent data—has seen decline, substantial declines in prices, and almost no change in availability as measured by surveys. That's a gloomy statement. There's a description of what we, in fact, have observed over a long period of time: intensified enforcement and, in terms of drug use, minimal effects.

Drug enforcement serves lots of purposes, like making neighborhoods safer. And it's clear that enforcement, particularly local enforcement, aimed at neighborhoods, has reduced the sort of disorder and crime around drug distribution. There's a lot more that goes on inside as opposed to outside, and Baltimore sort of really stands out in how that problem has not shrunk as much. In many cities it has shrunk very substantially. So enforcement has a lot to show for itself.

But if you ask, by the indicators that are used, how, you know—what is the prevalence of drug use in the population, there's very little, you know—there's nothing to suggest that tougher enforcement has made a difference. And if that's the measure that's going to be used, as has been used in large part in the strategies, then enforcement is just not going to look very strong, and these changes are not important.

Mr. CUMMINGS. Let me make sure I am clear on what you just said. Are you saying that treatment is the one thing that seems to have some effect on drug usage?

Mr. REUTER. I am saying, yes, there is a credible base of evidence, systematically gathered, that shows both that it reduces drug use and which reduces crime and other adverse consequences for the community. If I might just say, it isn't to say that there is no such thing as an effective drug prevention program or that law enforcement makes no difference. But as a researcher, I can fairly say, you know, it is an act of faith, an argument, not evidence, that tougher enforcement, in fact, reduces drug use in American cities.

Mr. CUMMINGS. Well, I can tell you that in Baltimore what we found, there came a time, in change of administrations, when our current mayor, to his credit, Mr. Chairman, got drug dealers off the corners. And they just basically disappeared.

But then you go to other parts of the city, and it seems as if they have been sort of—if you had a circle and they were all around in a circle, and all inside, that they had been pushed to more or less the center of the circle, you could see them on the outside. And so—but yet still, the crime continued, the problems continued.

But one of the things that I do find—and I am just listening to what you are saying, and then I want to hook it up with the ONDCP—is that when they—although the crimes seemed to stay pretty steady, but there's a community in Baltimore that has successfully gone through treatment, and it is truly a broad community.

Sometimes I go to speak before people who have dealt with addiction, and they talk about being clean for 10 years, 5 years or whatever. And it is a large community and one that helped—they

help each other, you know. If one happened to end to be a barber, they go to that barber. They will end up in a certain church, and it's actually—it's a very strong community. And it's just a shame that people have to go through that process to get there.

I guess where I am going here is that, you know—so you are saying that no matter what we do, you don't see how we can attach success to any kind of enforcement?

Mr. REUTER. I want to be very careful about this.

Mr. CUMMINGS. I want you to be.

Mr. REUTER. Right. The principal outcome measure that is used—and the chairman certainly in his opening statement referred to this—the principal measure that has been used for the success of drug policy in this country is use—predominantly use in schools, but probably use in the household population.

I am saying that there is no evidence in favor and a good deal of evidence that contradicts the proposition that tougher enforcement—and enforcement has by most measures, by most measures, gotten very much tougher over the course of the 1990's and has had substantial effects on drug use.

Looking at the marijuana chart over there that was there. I mean, during the period of the nineties, in which marijuana use amongst youth went up very substantially, incarceration for drug-selling offenses went up just as dramatically. And marijuana possession arrests went up very substantially during that period, much faster than drug use amongst youth, marijuana use amongst youth. Marijuana use amongst adults declined during that period. But we have seen a very persistent ratcheting up of enforcement over a long period of time and seen pretty stable drug use in the general population.

I think of enforcement as playing an absolutely critical role at the local level. And, you know, there are lots of success stories there, you know, success stories that even research isn't going to—I mean, success stories are often stories people tell. But success stories that, you know, when you go out and measure, they really did accomplish what they said they did.

But if what you are after is reducing drug use in the general population, then tougher enforcement seems an implausible way of making a great deal of progress.

And in Washington, in front of Congress, it's hard to say this, but policy is in many respects quite marginal.

Mr. CUMMINGS. Thank you.

Mr. SOUDER. Let me say, first, I appreciate your comments. As you are well aware from my earlier comments, we couldn't have a more comprehensive disagreement about what happened in the early days of the Clinton administration, when you were an advisor in the Clinton administration, and an interpretation of those results.

I have to say with all due fairness, I don't think I have ever agreed with a RAND study, as you call it, with narcotics. But I believe that you do a very good job of articulating some of the key debate points, and you have raised them around the budget. And that doesn't mean just because I don't agree with all the conclusions that—trying to go through this process and sort through the challenges you have raised.

You have raised a very critical point as we look at what even inside—if we do drug abuse prevention inside the prisons. When we are locking up people and we Federalize the enforcement question, we go up the chain, more often the dealers, not the users, and therefore we need to look at where our dollars go for treatment. I thought that was a very insightful comment that I haven't really heard in the debate.

I think that we can play a couple of figures—liars, liars—figure here, in how we cut the charts and how we treat lag effects.

Mr. REUTER. Oh, yes.

Mr. SOUDER. Because, of course, when drug use goes up, arrests are going to go up. And then when the people become incarcerated, they are not there using the drugs, because they are in prison, and they at least aren't counted the same. Therefore, drug abuse is going to go down. So how you treat a lag effect in the charts becomes critical.

But I would argue that—let me take an interesting statistic.

Mr. REUTER. Sure.

Mr. SOUDER. Since we have kept divorce rates—divorce rates went down for 2 years under Calvin Coolidge; I believe 1 year, early in the Eisenhower administration; under 2 or 3 years of Reagan; and they have gone down under Bush.

So if you elect a conservative President, the divorce rates goes down: Obviously that is not true. They didn't pass a policy, because, as you said, the culture is what really drives it, not the public policy.

The question, however, is how much do the signals that public officials send and the laws that they pass also have an interactive relationship in defining the culture? If you, in doing your research presume that isn't true, or just say look, this was a cultural change, and it's a hard-to-measure change, which is driving which? But clearly there's a symbiotic relationship.

And there is also for every trend, a counter-trend, so that there is also the result that when incarcerations go up, the next generation says, hey, I don't want to go to jail, and therefore they change their behavior, so you are measuring that as a cultural change about their attitude toward marijuana, when in fact it may have been an enforcement change with the delayed effect.

Those are the types of difficulties as we go through these kinds of numbers.

Mr. REUTER. I appreciate that you have laid on the table about five topics on which I give long talks, and I will not try to deal with all five of them, and certainly not at length.

Let me just say, pick out a couple—the effects of incarceration on measured drug use is sort of an intriguing topic. I mean, the incarcerated population—I am just sort of going to give you a rough figure—I think probably there are 700,000 more drug users locked up now than there were in 1990. So, just a rough figure.

And you say, well, if you talk about a few million—if you talk about 2.5 million to 3 million cocaine users, which is chronic cocaine users—which is a conventional estimate now—and about 1 million heroin users—that's, what, 3, 3.5 million of that, most of the 700,000 that are locked up as chronic drug users using cocaine and heroin, it clearly has made a difference to the estimates.

Even if you figure that in, it's still true that for heroin, the existing estimates suggest that there has been a decline in the number of chronic heroin users. I mean, there's always been—for some years there's been a concern that we are at the beginning of a new heroin epidemic, because heroin is so much cheaper and more potent than it was certainly in the mid-eighties. And what is striking is that there is very little evidence. Take that away, the evidence is that there's been very little initiation into heroin use.

And the problem is a problem of an aging cohort of people who used heroin and cocaine when they looked glamorous and they were popular, certainly with heroin but almost as certainly with cocaine. There's been very little initiation.

Mr. SOUDER. But isn't that almost a commercial for the fact that maybe our Drug-Free Schools programs have had more of an impact than we thought? Maybe all of the arrests on TV had more of an impact than we thought. Maybe the TV news story showing people who have committed different murders or have blown up the Dawson family have had an impact, and that maybe this is bad stuff, and it affected the cultural attitude? I mean, how do you——

Mr. REUTER. Fair enough. The big declines in household use of cocaine occurred, you know, really in the mid-eighties, in the—by 1985, certainly 1988, the use rates were way down.

And most of the tough enforcement really has come after that. And I think it's a tough story to tell that somehow it was knowing that tough enforcement was coming that led people in the mid-eighties already to stop getting involved in cocaine.

A much more reasonable story, an epidemiologic story, is the reputation of cocaine changed dramatically and the tragic deaths of Len Bias and Don Rogers probably had huge consequences. You can certainly see a sharp break in monitoring the future that was taken after their deaths. And cocaine, which had been a glamorous drug and famous, and Time magazine said some nice things about it in 1980 or 1982, it became seen as dangerous—as a dangerous drug, no longer glamorous, even clearly with heroin.

That it seems to me is much more plausibly what drove down the rates and has kept them down. I mean, cocaine and heroin have become very cheap by historic standards, dramatically cheaper than they used to be. They seem quite widely available. There has not been an upsurge in the use. Neither of us can really make, you know, a strong empirically grounded, sort of microempirically grounded case. But I would argue it's much more plausible.

Mr. SOUDER. I fundamentally agree with your point that those had a bigger impact, but I would argue it's a symbiotic relationship. I don't argue many cocaine addicts say, oh, I could go to prison, therefore I am not going to do cocaine. But I believe it is a cultural effect of watching what happened with Len Bias, followed by then stronger laws on incarceration.

Also, because you did say that while it might not affect drug use, it makes the streets safer, which is, in fact, what is behind much of the drug arrests; it is not trying to help the individual. That is what we need to do more of in treatment. We don't have a real disagreement on treatment, prison reentry programs here, and this type of thing.

The question is that really the law enforcement part is to make the streets safer, to make people safer, to try to break the chain of other people being exposed to it the first time by locking up the dealers. There's other types of goals other than just getting a person off of drug abuse. But even, I would argue, that there's more of a symbiotic relationship. I wouldn't disagree on what the lead is. The lead is cultural. The question is, what does public policy do to reinforce our——

Mr. REUTER. Could I be positive for one moment? I am mostly skeptical. A close colleague of mine, Mark Kleiman, has for 15 years been arguing for a policy that I think is really still the cleverest idea of the last 15 years about drugs, which has the simple name of Coerced Abstinence.

And the notion is simply that anybody on pretrial, you know, pretrial release, probational parole—and we are talking about 4.5 to 5 million people are in that condition, it may actually be higher—be subject to regular monitoring of their drug use and graduated sanctions.

You know the first time you test positive, you know, spend the afternoon in court, you know, watching what happens. The second time you spend two nights in jail. You know, the fourth—you know, it's an idea which is obviously reasonable. The few evaluations that have been done have been very positive about it. It is surprising how many people, given the right incentive, even if they have long careers of addiction, are able with those incentives——

Mr. SOUDER. Isn't that what a drug court does?

Mr. REUTER. Well, drug courts handle a small population. You hear about 1,600 drug courts. If you ask how many people are going through that system——

Mr. SOUDER. Yes, but now you are talking about the numbers. What I am asking is——

Mr. REUTER. Drug courts.

Mr. SOUDER. It's a similar concept.

Mr. REUTER. It's a similar concept, but I mean——

Mr. SOUDER. Narrowly applied.

Mr. REUTER. It is narrowly applied, it can be much more routinized. The Pretrial Services Agency in this city certainly did it for a while.

And it is—I mean, you were talking about in substance how to use the correction system both to reduce crime and to reduce drug abuse. And this Coerced Abstinence is a very large population. If you do estimates of what share are chronic heroin and cocaine users in this—one of these conditions, pretrial release, probational parole, you know, it's—you know, about half or a third to a half of all cocaine and heroin is probably consumed by people in those states.

And those are programs which are difficult to implement only sort of because they cross sectors of the criminal justice system, you know, probation; and, you know, probation has to then deal with corrections, has to deal with drug treatment and so on. And there's been sort of resistance, not because anyone is against the program, but just because it's difficult to implement.

At times certainly in the previous administration, there was some ritual endorsement of it, but it sort of never has taken off.

If I had to say do I have one thing to offer that I think congressional appropriators could pay attention to, I would say getting Coerced Abstinence—which has been tried more in Maryland than any other State—would really have the potential to make a difference in a way that brings enforcement and treatment together in a constructive fashion.

Mr. SOUDER. Thank you. Any other comments?

Mr. CUMMINGS. No, I don't have anything else. But thank you very much.

Mr. SOUDER. Thank you for your patience. It was a long afternoon.

Mr. REUTER. It was, but it was a—I have to say. It was a fascinating exchange between you and Director Walters.

Mr. SOUDER. Thank you very much.

With that, the subcommittee stands adjourned.

[Whereupon, at 5:35 p.m., the subcommittee was adjourned.]

[Additional information submitted for the hearing record follows:]

EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF NATIONAL DRUG CONTROL POLICY
Washington, D.C. 20503

April 27, 2005

The Honorable Mark E. Souder
Chairman
Subcommittee on Criminal Justice,
Drug Policy and Human Resources
Committee on Government Reform
U.S. House of Representatives
Rayburn House Office Building B-377
Washington, DC 20515

Dear Chairman Souder:

Thank you for the opportunity to testify on behalf of the Administration at your subcommittee's February 10, 2005 hearing entitled "FY 2006 Drug Budget". Please find enclosed answers to your questions for the written record. I hope they prove to be helpful in the work of the subcommittee.

Thank you again for your dedication on the issue of drug control. I appreciate your valuable insights and perspectives. If I may be of further assistance, please contact me directly at (202) 395-6700 or have your staff contact my Office of Legislative Affairs at (202) 395-6602.

Respectfully,

John P. Walters
Director

COMMITTEE ON GOVERNMENT REFORM
SUBCOMMITTEE ON CRIMINAL JUSTICE, DRUG POLICY AND HUMAN RESOURCES

"FISCAL YEAR 2006 DRUG BUDGET"

FEBRUARY 10, 2005

QUESTIONS FOR THE WRITTEN RECORD FOR THE HONORABLE JOHN P. WALTERS, DIRECTOR, OFFICE OF NATIONAL DRUG CONTROL POLICY

Formulation of the Federal Drug Budget

1. We have ongoing concerns about how ONDCP assembles what it calls the "federal drug control budget." Your Office hasn't yet issued a Drug Budget Summary for this fiscal year, but indications are that ONDCP will include essentially the same programs as it did last year (with some modifications). Our basic concerns, however, remain. ONDCP has, in the past, included all of the funding for some programs that do not have an exclusive drug control focus (for example, the Regional Information Sharing System, RISS, which assists not simply drug enforcement but all kinds of law enforcement operations), while excluding programs that have an exclusive drug focus – like the Meth "Hot Spots" program at the Community Oriented Policing Services (COPS) office in the Justice Department. ONDCP includes estimates of the drug enforcement contribution of multi-mission agencies like the Coast Guard and Immigration and Customs Enforcement (ICE), but refuses to include an estimate of the amount we spend annually to incarcerate drug offenders in federal prisons – which is certainly a key component of drug enforcement.

a. What is the standard for including or not including a program's budget (or part of a program's budget) in the "federal drug control budget"? Is it simply administrative or accounting convenience?

Prior to the restructured National Drug Control Budget, the account structure included close to 50 budget accounts. Independent analyses commissioned by ONDCP[1], as well as reviews by department Inspectors General[2] identified significant weaknesses under the old accounting structure that were associated with the drug budget methodologies used by agencies to estimate drug spending. Drug budget methodologies were imprecise and often had only a weak association with core drug control missions. The restructured National Drug Control Budget as proposed in the President's FY 2003 Budget Request and later implemented in the FY 2004 Budget of the President provides a greater degree of accountability for federal drug control programs.

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

The basic shortcoming associated with the old drug accounting system was that much of the funding displayed did not represent real dollars in the President's Budget. Drug budget calculations were not transparent to the public, Executive Department officials, or Congress. The old method of computing the drug budget generally did not represent funds that could be readily found in individual agency budget documents or accounting systems. Since the old drug budget was a collection of estimates based on percentages of many accounts, it was an artificial construction. To correct this fundamental deficiency, the drug budget was restructured to display actual funds found in the President's Budget. In recasting the drug budget in this way, the restructured presentation utilized the following criteria:

- To the maximum extent possible, resources displayed in the drug budget 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 includes several agencies that already present 100 percent of their budgets as drug-related. This includes the Drug Enforcement Administration, ONDCP, the Defense Counternaroctics Central Transfer Account, the National Institute on Drug Abuse, and the Interagency Crime and Drug Enforcement Accounts (ICDE) of Treasury, Homeland Security and Justice.

- Other agencies 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 has a strong association with drug control, then 100 percent of the line item is included in the drug budget.

- The overall budget presentation eliminated several supporting agencies from the drug budget tabulation. Only agencies that have a primary drug supply reduction or demand reduction mission are displayed. Agencies with any of the following general characteristics were 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 were excluded. This includes resources for detaining and incarcerating federal drug offenders. Although these are real costs to society that we calculate in an ONDCP publication, they do not factor into the core of drug control decisions made by national policymakers.

  - Treasury, Homeland Security and Justice law enforcement agencies with primary missions not closely related to drug control are not 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 is through the ICDE accounts at Treasury, Homeland Security and Justice, which fund the Organized Crime Drug Enforcement Task Forces program.

- Finally, 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. Those include Coast Guard, Customs and Border Protection, Immigration and Customs Enforcement, and Veterans Health Administration. These agencies have been retained in the modified drug control budget.

b. Shouldn't the primary purpose of a "federal drug control budget" be to inform Congress and the public of the total amount of federal spending on drug control? If not, what is the primary purpose?

The goal of the restructured budget is to better serve policymakers and the public by focusing on programs directed at reducing drug use that most directly are associated and crosswalk with actual dollars in the annual Budget of the President.

c. You have the authority, and the responsibility, under federal law to review and either certify or not certify as adequate the budgets of federal drug control programs. Do you limit your formal review and certification decisions to only those programs that you include in the "drug budget"? If so, doesn't that allow you to artificially limit your authority and responsibility, by leaving out programs that are politically sensitive?

The drug budgets reviewed by ONDCP represent drug control programs supported by the Federal Government. The programs included in the President's National Drug Control Budget include treatment, prevention, law enforcement, interdiction, and international programs. The drug policy of this Administration is made on effectiveness.

d. Why did ONDCP only include the Bureau of Prisons' costs of drug treatment in last year's drug budget summary, but not the costs of incarcerating drug offenders, nor the cost of screening visitors and mail to keep out drugs, nor the cost of drug testing prisoners? Will those costs be included in this year's drug budget summary? If not, why not? If they are not included, can we really say that the so-called "drug budget" actually reflects the level of federal spending on drug control?

The rationale for including drug treatment and not including the costs of incarcerating drug offenders is contained in answer 1a above. With respect to the cost of drug testing prisoners, there is no separate line-item within the Bureau of Prisons' budget that captures these costs.

e. The Food and Drug Administration (FDA) plays a major role in our federal drug control policy. It determines which drugs may be approved and marketed, and regulates how they may be marketed. It has also frequently claimed authority to regulate drug testing. Your drug budget summary did not include anything relating to FDA last year. Why was FDA left out? Are you monitoring what FDA does? Do you certify its budget requests at all? If not, why not?

The National Drug Control Strategy offers a comprehensive approach to reduce illegal drug use and the harm it causes. Before FY 2002, FDA played a role in the ONDCP budget under Goal 1,

Objective 3 for youth tobacco use: Goal 1 - Educate and enable America's youth to reject illegal drugs as well as alcohol and tobacco; Objective 3 - Promote zero tolerance for youth regarding the use of illegal drugs, alcohol and tobacco within the family, school, workplace and community.

This initiative to reduce youth tobacco use was accomplished through limiting the access and appeal of tobacco products to young people, enlisting retailers' and other stakeholders' assistance, and developing regulatory procedures for cigarettes and smokeless tobacco products. The FDA was dropped from the National Drug Control Budget in FY 2002 as a result of the U.S. Supreme Court decision in *Food and Drug Administration v. Brown & Williamson Tobacco Corporation*, 120 S.Ct. 1291 (2000). In that decision, the Supreme Court affirmed the decision of the U.S. Court of Appeals for the Fourth Circuit holding that FDA lacked jurisdiction under the Federal Food, Drug, and Cosmetic Act to regulate tobacco products. As a consequence of that decision, FDA terminated its tobacco program.

A National Drug Control Program agency is defined under ONDCP's Formulation Circular dated May 13, 2004 as a Department or independent federal agency (i.e., Small Business Administration). As such the FDA is a component under the Department of Health and Human Services (HHS) which is a National Drug Control Program agency. ONDCP corresponds numerous times throughout the year to the Secretary of HHS (e.g., notification of annual funding priorities, budget certification decisions and interagency coordination matters) providing drug control guidance. ONDCP certifies HHS's budget as a National Drug Control Program agency.

ONDCP and Its Programs

2. The Administration has requested $24.2 million for operations at ONDCP. That is below the appropriated level of $26.2 million for fiscal year 2005, and below the Administration's own request for $27.6 million last year. At the hearing, you stated that no employee positions would be eliminated as a result of this reduction, but that "rent" and similar costs were being reduced. Please identify the specific cost reductions that will allow you to operate with the same personnel on the proposed reduced budget.

The reduction in ONDCP's Salaries and Expenses is due to the Executive Office of the President/Office of Administration (EOP/OA) assuming $2,636,000 in rental costs and $5,000 of health services costs from ONDCP's account to a centrally administered common enterprise services account. Therefore, there is no impact on employee positions from the reduction. The previously stated expenses will be paid directly from the EOP/OA account.

3. The Administration is requesting $7,400,000 for the U.S. Anti-Doping Agency, and $2,900,000 for our nation's membership dues in the World Anti-Doping Agency. This would be a big increase over both the requested level and the enacted level for fiscal year 2005. At the hearing, you stated that the U.S. is required by treaty to spend these amounts. Please identify the specific treaties and treaty provisions that obligate the U.S. to expend these specific amounts. Is the U.S. required to increase the budget of the domestic U.S. Anti-Doping Agency and its dues to the international World Anti-Doping Agency?

In March 2003, the United States, in consultation with the State Department, signed the "Copenhagen Declaration on Anti-Doping in Sport." The Copenhagen Declaration, a political commitment signed by more than 160 governments, established international support for the newly drafted World Anti-Doping Code and articulated cooperative efforts to rid drug use from Olympic and international sport. The Copenhagen Declaration also contained provisions regarding the funding of the World Anti-Doping Agency (WADA). The document embraced the concept that national governments and the Olympic movement are to equally fund the operations of WADA.

The Copenhagen Declaration also divided the governments' financial obligations among the five Olympic geographic regions. Each region was responsible for splitting its regional portion among nations within the particular region. The 41-nation Americas region was responsible for 29% of the total government dues to WADA. Under an agreement reached subsequent to the Copenhagen meeting with the nations in our region, the United States agreed to contribute 50% of the Americas dues obligation (or 14.5% of the governments' dues; 7.25% of WADA's global budget). This percentage was far less than the United States would have been obligated to contribute under nearly every existing formula applicable to the funding of international institutions.

While the sports movement was able to sign the Code and adopt its provisions at the Copenhagen meeting, governments were unable to sign the document, primarily because it was prepared by WADA, a non-governmental organization. Therefore, in accordance with the Copenhagen Declaration and the terms of the Code, governments agreed to pursue an international convention to adopt, as appropriate for each sovereign government, the terms of the Code. During the past year, ONDCP and the Departments of State, Justice, Education, and Health and Human Services have been actively engaged in the drafting of a convention addressing doping in sport, under the auspices of UNESCO. The convention, which UNESCO's General Conference is expected to approve in September 2005 and subsequently transmit to governments for approval and ratification, reiterates support for equal public and private funding of WADA.

For the past three years, ONDCP's annual appropriation has contained the United States Government's financial contribution to WADA. The funds provided by the United States have been used by WADA for research, testing of athletes worldwide, education efforts (particularly directed toward youth), and implementation of the World Anti-Doping Code. As one of only 5 nations on WADA's governing Executive Committee, the United States exercises significant influence over WADA's budget and operational priorities. The United States also serves on WADA's advisory Foundation Board and served as chair of the Ethics and Education Committee. Per WADA statutes, a nation may not hold a WADA leadership position or serve on any committee if it is not in good standing with its financial obligations.

In FY 2005, Congress appropriated $1.4 million to support WADA (i.e., 50% of the Americas region governmental commitment to WADA). The President's FY 2006 request for WADA is $2.9 million. This amount does not reflect an annual dues increase for the United States. Rather, it addresses an internal systematic timing problem that has plagued the United States since WADA's inception.

WADA dues are collected on a calendar year basis. For example, CY 2005 dues are payable January 1, 2005. Many nations, including the United Kingdom, Australia, and Italy have already made their 2005 contribution to WADA. Because of the timing of our budget year and the fact that WADA was created in the middle of an appropriations cycle, it was too late to include a request for WADA dues until after a budget process for fiscal year 2003 was already complete. Thus, the United States has always been "off" on our timing. While this predicament is not the fault of either ONDCP or Congress, it must nevertheless be addressed.

While nations are now paying for CY 2005, we are waiting to apply our FY 2006 appropriation to pay for CY 2005 dues. Therefore, WADA does not receive the United States dues contribution until October 2005. In recent years, the United States has been unable to transfer its WADA dues until January or February of the following year.

WADA statutes provide that if a nation does not pay its dues by June 30th of the year due, the nation is subject to sanctions (including losing any seats on WADA's governing Executive Committee, Foundation Board, or various committees). To date, WADA and our governmental and Olympic colleagues have relied on our good faith and intent to pay, and as a result, the United States has never faced any sanctions. However, our nation's credibility on anti-doping issues is diminished when we expend a significant amount of political capital explaining why our budget operates in the manner it does and why, unlike Japan, Germany, Poland, and France, who have altered their internal timing issues, our dues are not paid on time.

While timing of dues has been a continuing concern, there is no issue about the amount of the dues we contribute to WADA. To the contrary, the United States is regarded by WADA and the international anti-drug community as a world leader on sports doping and all involved appreciate Congress' commitment to this issue. The issue is particularly meaningful to WADA because the International Olympic Committee pays 50% of WADA's dues and they do so on a matching basis -- for every dollar received by governments, the IOC provides a match. Accordingly, our $1.45 million is worth $2.9 million to WADA. When we run afoul of WADA statutes, the agency is under-funded $2.9 million from their approximately $20 million annual budget.

In order to solve this problem, what is required is a one-time double payment of dues. Subsequently, the President's WADA dues request from Congress will return to the $1.5 million range beginning in FY 2007. The timing of our payment will no longer be an issue.

The FY 2006 appropriation cycle represents the ideal time to address this timing issue. As you know, the President, as evidenced in his 2004 State of the Union address, is committed to addressing the steroid problem in sports. These controlled substances pose significant health dangers, especially to our youth. In addition, our leadership position in WADA has never been greater and the ability to solve this timing issue allows the United States even greater latitude in helping to craft WADA's policies and priorities and ensure, for example, that WADA continues its strong focus on marijuana as a banned substance (despite the opposition from some governments and sport organizations) and directs sufficient resources toward educating young athletes (as opposed to concentrating only on elite athletes) about the dangers of drug use. Moreover, compliance with WADA statutes will be considered by the IOC during its evaluation of our nation's pending bid to host the Olympic Games in 2012 in New York City.

The request to fund the United States Anti-Doping Agency (USADA) at $7,400,000 in FY 2006 represents a realistic funding level to enable USADA to continue its outstanding work as the United State's independent non-governmental sports drug testing agency. The funds will be transferred to USADA in the form of a grant and the Federal government will continue to exercise fiscal and administrative oversight over these funds. The requested funding level will allow USADA to continue to educate athletes on the dangers of drug use and eliminate its use in Olympic sports. These funds will be used to assist USADA in administering a transparent and effective anti-doping program for U.S. athletes in preparation for the upcoming winter Olympic Games in Turin, Italy in 2006.

The current request is almost identical to the amount appropriated by Congress for USADA in FY 2005 and comparable to the appropriated amounts in FY 2003 and FY 2004. The President's request represents the level of funding necessary for USADA to continue its ambitious drug testing program, research initiatives, educational programs, and efforts to inform athletes of the newly adopted rules governing prohibited substances outlined in the World Anti-Doping Code.

4. The Administration is requesting $2 million to continue ONDCP's work on developing performance measures of effectiveness for drug control programs. What specific progress has been made with the money appropriated by Congress for this purpose since 2001? Has the Administration completed a comprehensive set of performance measures for treatment, prevention, and law enforcement programs government-wide? If not, how much longer will it take?

Performance Measures funding has been appropriated for fiscal years 2003 ($1.987M), 2004 ($1.988M), and 2005 ($992,000). A research agenda for the 2005 funds is currently being developed.

To develop performance measures for prevention and treatment, ONDCP commenced a project to inventory funding and activities by states in the areas of primary prevention and treatment of illegal drug use funded through SAMHSA Substance Abuse Prevention and Treatment Block Grants. The study is also inventorying states' own funding, resulting in a complete measure of primary prevention and illegal drug use treatment performance in each state. The inventory will enhance states' effectiveness by serving as a vehicle to share information about states' activities and programs that may be replicable in other states to illustrate the various funding streams and innovative uses of funding in states, and by encouraging states to share information about how to most effectively use their drug abuse treatment and prevention dollars.

On the supply-side, Performance Measures funding has been spent on two main issues: 1) development of a market model to understand the effect of law enforcement disruptions on the drug-trafficking business, and 2) estimation of the magnitude of marijuana supply in the United States.

For the Market Model, ONDCP has partnered with Drug Enforcement Administration (DEA) to develop a model to determine the impact of DEA's drug enforcement strategy. The model will assess the impact that dismantlement and disruptions of cocaine drug trafficking organizations

have on the retail availability of cocaine in Atlanta, Georgia; Dallas, Texas; and, Chicago, Illinois. DEA has given unprecedented access to data for the development of performance measures for this project.

To measure the magnitude of marijuana availability in the United States, ONDCP has funded two projects. One project used remote sensing to image areas of four states (California, Kentucky, Tennessee, and Hawaii) to estimate the amount of marijuana cultivation. The other project is developing a marijuana signature to determine the source area from marijuana seizures. The combination of these projects: measurement of domestic marijuana and the relative amounts of foreign, domestic (both indoor and outdoor) will permit better marijuana availability estimates to be developed. These estimates will be applied to measure the performance of supply reduction programs.

These funds have also been obligated to conduct a management review and audit review of the Counterdrug Technology Assessment Center to enhance its effectiveness as a research tool.

5. What steps has ONDCP taken to ensure that grants made under the Counterdrug Technology Assessment Center (CTAC) Technology Transfer Program are serving federal goals? Are the grants being targeted to areas with significant drug trafficking activity? If not, what are the primary criteria for awarding grants under the program?

The Technology Transfer Program (TTP) application form and process have been improved for Fiscal Year 2005. These changes will more effectively identify applicants' proposals that address federal goals and areas of the nation with significant drug trafficking activity.

In addition to collecting geographic information enabling identification of areas with significant drug trafficking activity, six essay questions have been added to the TTP application for the purpose of gathering information including the applying agency's understanding of and ability to contribute to the goals of the National Drug Control Strategy.

Applications are reviewed, evaluated and scored using criteria emphasizing National Drug Control priorities and ranked accordingly. Grants are made based upon agency ranking and available program resources.

6. The President has again requested $80 million for the Drug-Free Communities (DFC) program, which is designed to help support the prevention activities of local anti-drug community coalitions. While the Administration is at least not proposing any cuts in the program, without new funds it will be very difficult to assist new coalitions, particularly those in the poorest communities where the need is greatest. Why isn't the Administration fighting harder for more funds for this and other prevention programs?

Part of the National Drug Control Strategy is stopping use before it starts and critical to that mission is the Drug-Free Communities Support Program. Evidence of the Administration's commitment to DFC can be seen in the President's previous four budget submissions where the Administration sought DFC funding increases of $10 million per year, starting with a $50

million request in FY 2002 that grew into an $80 million request by FY 2005. The Congress has supported those requests with full funding each fiscal year.

ONDCP is working to better enforce the requirements of receiving DFC grants. We are making sure that grantee coalitions fulfill their obligations and we are requiring coalitions applying for year 6-10 continuation funding to meet the higher standards requisite with being a more mature coalition. In addition, ONDCP will soon be implementing a DFC evaluation that will better measure coalitions' outcomes and effectiveness. By making the program work more efficiently and requiring better outcomes, DFC will be able to support effective coalitions across the country and help nurture new coalitions where they are needed.

In addition to the Administration's support for the DFC support program, the FY 2006 budget request also provides $87.5 million to the Department of Education's Safe and Drug-Free Schools and Communities National program for Research-Based Grant Assistance to Local Educational Agencies. These new funds provide direct support to LEAs that need assistance implementing drug prevention or school safety programs, policies, and strategies that research has demonstrated to be effective in reducing youth drug use or violence. The Administration has also requested an additional $15.4 million for student drug testing grants to support schools in the design and implementation of programs to randomly screen students and to confidentially intervene with assessment, referral, and intervention for students who test positive for drug use. Additionally, the Administration is maintaining funding for prevention through the Substance Abuse Prevention and Treatment Block Grant (SAMHSA) and is increasing resources for important efforts such as the Strategic Prevention Framework State Incentive Grant program (SAMHSA) which provides effective prevention to communities. Overall, the Administration seeks nearly $1.6 billion in prevention funding in its FY 2006 budget request. The Administration strongly supports prevention programs that are effective at reducing drug use in America.

7. One significant issue facing the DFC program is performance measurement. In its last PART review, DFC received an "adequate" rating – higher than many similar prevention programs. As is the case with other programs, however, the targets established for DFC – "enhancing the capabilities of community anti-drug coalitions," "enhancing prevention activities," and "increas[ing] citizen participation" – have more to do with the processes of the program than with its intended result, namely reducing drug use. Although DFC should not be singled out for criticism on this point, shouldn't ONDCP and other agencies involved in drug use prevention take more aggressive action to define success less in terms of whether the program is simply functioning as planned, and more in terms of whether its functions are achieving the real end result?

The Office of National Drug Control Policy (ONDCP) and the Drug-Free Communities Support Program (DFC) are committed to measuring the performance of DFC grantees. The DFC Program has enhanced the existing Government Performance and Results Act (GRPA) measures to focus on measuring the reduction of substance abuse at the community level. All DFC grantees are required to collect and report data on four core outcome measures (past 30-day use, perception of harm, perception of peer and parental disapproval, and age of initiation). These

four core outcome measures will be reported for alcohol, tobacco, and marijuana on an annual basis.

In addition, in September 2004, ONDCP issued a new contract for evaluation. The major purpose of this evaluation contract is to establish an electronic, web-based grant performance monitoring system followed by an evaluation of the national program. The monitoring system will regularly collect, analyze, monitor, and report grantee data in order to track progress toward program goals. This information will also inform grant and project management to target technical assistance in order to continue improving grantee performance. The process, capacity, and outcome data are critical in understanding the nature of effective coalitions, influences that support or hinder them, and outcomes associated with various developmental levels. This enhances our understanding of the process that leads to successes at the local level and informs technical assistance efforts.

8. It is our understanding that ONDCP has made some changes in the management of the DFC program. Please describe those changes, and tell us why they were adopted.

Due to the growth rate of the Drug-Free Communities Support Program (DFCSP), the DFC Advisory Commission recommended in its April 20-21, 2004 meeting that the Director of the Office of National Drug Control Policy (ONDCP) conduct a review to determine the most appropriate federal agency to manage the DFC coalition and mentoring grants. The Director is required to accept or reject the recommendations of the Commission. The ONDCP Director decided to accept and act upon this particular recommendation. In response, ONDCP developed a request for proposals and solicited responses from a number of Federal agencies to manage the program. A review of the proposals based on the evaluation factors stated in the Request for Proposals (RFP) led ONDCP to conclude that the program would be best served by the numerous strengths offered by the Department of Health and Human Services, Substance Abuse and Mental Health Services Administration, Center for Substance Abuse Prevention (SAMHSA/CSAP). Therefore, the Director made a decision in June 2004 to transfer the grant administration of the Drug-Free Communities Support Program (DFC) from the Department of Justice, Office of Juvenile Justice and Delinquency Prevention (OJJDP) to SAMHSA/CSAP.

To ensure a smooth transition, ONDCP determined through negotiations with OJJDP and SAMHSA that SAMHSA would assume the majority of responsibilities for the management of the DFC program in October 2004, and that OJJDP would continue to provide a reduced set of services through September 30, 2005 (Fiscal Year 2005). Effective October 1, 2004, SAMHSA began to manage the Drug-Free Communities Support Program grants on behalf of the Office of National Drug Control Policy. Grantees have been assigned a SAMHSA Drug-Free Communities Project Officer (DFCPO) who serves as grantees' primary point of contact for program administration, monitoring, and technical assistance services for their grants.

9. The President's budget proposes cutting the HIDTA budget by more than 50%, and transferring its remaining funds to the Department of Justice's Organized Crime Drug Enforcement Task Force (OCDETF) program. For all practical purposes, this would end the HIDTA program as it currently exists, with OCDETF to redefine the program, its functions, and priorities at a later date. Given ONDCP's responsibility to coordinate the

anti-drug policies and activities of the Federal government, the Subcommittee is interested in gathering a better understanding of what this move will mean for federal drug control policy.

a. How many federal agencies have some law enforcement authority to investigate drug-related crimes? How many of these agencies currently participate in one or more HIDTAs?

As an initial matter, we want to emphasize that the President's proposal does not merge HIDTA into OCDETF. The HIDTA Program will remain an independent program, with its own distinct mission; its funding will simply be administered by OCDETF so that the two programs can be managed most effectively under the oversight of the Department of Justice.

There are two federal agencies that have explicit drug enforcement authority; i.e., authority to enforce the Controlled Substances Act and other provisions of Title 21 of the U.S. Code. Those agencies are the Drug Enforcement Administration and the Federal Bureau of Investigation.

Of course, drug investigations almost always involve violations of other federal statutes, such as money laundering, firearms trafficking, fugitives, and smuggling. Other federal agencies that have authority for such violations include the:

Bureau of Alcohol, Tobacco, Firearms, and Explosives;
U.S. Attorneys Office;
U.S. Marshals Service;
Customs and Border Protection;
Immigration and Customs Enforcement;
Coast Guard;
Internal Revenue Service;
National Park Service;
Forest Service; and
U.S. Postal Inspection Service.

Many of these agencies participate in at least one HIDTA.

b. How many of these agencies are included in the National Drug Control Budget? Which ones are not, and why not?

As shown below, of the twelve agencies identified above, four are included in the drug budget and eight are not.

In the Drug Budget	Not in the Drug Budget
Drug Enforcement Administration	Federal Bureau of Investigation (FBI)
Customs and Border Protection	Bureau of Alcohol, Tobacco, Firearms, and Explosives (ATF)
Immigration and Customs Enforcement	U.S. Attorneys Office (USAO)
Coast Guard	U.S. Marshals Service (USMS)

	Internal Revenue Service Criminal Investigation Division (IRS-CI)
	National Park Service
	Forest Service
	U.S. Postal Inspection Service

As indicated in our answer to question 1, the principal reason for excluding the eight agencies is that drug control activities are incident to their primary missions and funding for drug control activities were not readily found in individual agency budget documents or accounting systems. You should note, however, that five of the eight agencies not included in the drug budget (FBI, ATF, USAO, USMS and IRS-CI) receive funds through the Interagency Crime and Drug Enforcement (ICDE) accounts at the Departments of Justice and Treasury. The ICDE accounts, which fund the Organized Crime Drug Enforcement Task Forces program, are included in the drug control budget.

c. What role does ONDCP play in coordinating the resources and information these agencies dedicate to investigating narcotics crime? What role has ONDCP played in encouraging these agencies to participate in HIDTAs?

ONDCP's role in coordinating these agencies' drug activities is carried out under the authorities contained in the office's authorizing statute. For example, ONDCP assesses each agency's annual budget submission to determine if it is sufficient to carry out the National Drug Control Strategy, reviews and approves proposed policy changes of each agency, and exercises general oversight of their drug control activities.

ONDCP has not needed to encourage federal agencies to participate in the HIDTAs because they recognize the value of close cooperation with state and local law enforcement agencies.

d. During the 2000 Presidential campaign, then-Governor George Bush issued a "Drug Policy Plan" in October of that year. Among other things, this plan promised to "[s]trengthen federal-state partnerships by increasing coordination among the Office of National Drug Control Policy, state drug control agencies, and High Intensity Drug Trafficking Areas." Do you believe this move will enhance the capacity of the HIDTA program and of ONDCP to coordinate investigations and resources between Federal, State, and local law enforcement officials?

The Administration believes the best place for drug enforcement programs like HIDTA is at the Department of Justice. The Attorney General is the Nation's chief law enforcement officer and a principal role of the Justice Department is to oversee and coordinate our national law enforcement efforts. The HIDTA program at DOJ will allow for greater flexibility and increased effectiveness in the allocation of HIDTA funds. The result will be a program that is more strategically targeted and that is more complementary of the reorganized Organized Crime Drug Enforcement Task Force (OCDETF) program.

e. Do you believe that state and local agencies will welcome the transfer of the HIDTA program to OCDETF management? Will it make them more likely to

cooperate with federal law enforcement agencies? Do state and local agencies prefer to work with the OCDETF program than with HIDTA as it currently exists?

Since its inception, the HIDTA program has stressed cooperation between state and local law enforcement and federal law enforcement. The advantages and successes of this cooperative approach have been obvious to all participants in the program. State and local law enforcement remains a vital partner in virtually every successful drug enforcement program. State and locals, for example, participate in nearly 90% of all active OCDETF investigations. We are confident that the agencies that have been involved in the HIDTAs will want to continue those practices regardless of who administers the program.

f. Do you believe this transfer will make the HIDTA program a more effective, more efficient use of taxpayer dollars? Can you please provide the committee with any documents, studies, reports, GAO evaluations, internal audits, or other materials that were generated in order to arrive at this conclusion?

The Office of Management and Budget's Program Assessment Rating Tool (PART) assessment of the HIDTA program during the fiscal year 2004 cycle found that HIDTA has not been able to demonstrate results. This was the case in the fiscal year 2004 cycle; the fiscal year 2005 review did not alter this rating.

In making it a priority to spend taxpayer dollars wisely, performance and effectiveness are key. This year's budget review paid special attention to long-term reforms to improve the government's effectiveness, especially when several agencies have overlapping programs that serve a similar or complementary purpose. These reforms will result in both savings to taxpayers and improved government performance.

As indicated above, the Administration believes the best place for drug enforcement programs like HIDTA is at the Department of Justice where experienced law enforcement managers and strategists can exercise direct control over complementary programs such as the HIDTA program and the OCDETF program.

10. As you note in your testimony, the HIDTA program has had difficulty demonstrating results, as the latest PART review of HIDTA found. It seems to us, however, that the chief difficulty is not that the program fails to produce results. Every HIDTA can report arrests, seizures, and other tangible "results" of funded operations. Rather, the real problem is that no consensus has been reached on what the ultimate goals of the program should be. Proponents of a local or regional focus for HIDTA believe that results should be measured in terms of the program's impact within each HIDTA; those who believe that the program should serve its original, national goals believe that a HIDTA's performance should be measured based on its contribution to stopping national drug trafficking activity. Without agreement on the program's goals, it is little wonder that the HIDTA program has drifted.

a. What do you believe are the ultimate goals of the HIDTA program? Is it simply to supplement the efforts of DEA and other federal agencies to reduce drug

trafficking and supply nationwide? Is it to focus on the drug trafficking problem within designated regions?

The mission of the High Intensity Drug Trafficking Areas (HIDTA) Program is to disrupt the market for illegal drugs in the United States by assisting Federal, State, and local law enforcement entities participating in the HIDTA to dismantle and disrupt drug trafficking organizations, with particular emphasis on drug trafficking regions that have harmful effects on other parts of the United States. This mission statement is derived from our belief that the clear intent of the statute creating the program is to concentrate HIDTA assistance on a limited number of areas where major drug trafficking activities flourish and create problems for other parts of the country. [3]

A central feature of the HIDTA program is the discretion granted to the HIDTAs to design and carry out activities that reflect the specific form this drug trafficking threat takes in its region. Each HIDTA is required to submit an annual threat assessment to ONDCP describing how the trafficking in its region affects other parts of the country. Subsequently, each HIDTA must submit a strategy indicating how the identified threat is being addressed. Each HIDTA's activities should contribute to reduced drug trafficking nationwide.

b. If Congress decided to leave the HIDTA program within ONDCP, what additional tools would you need to manage the program to ensure its effectiveness and its focus on its goals?

As stated above, the Administration believes the best place for drug enforcement programs like HIDTA is at the Department of Justice.

c. Do you believe that the decision of Congress, through its recent annual appropriations bills, to forbid any individual HIDTA's budget to fall below its previous year's level, has reduced the program's effectiveness? If so, how? If that problem were eliminated, and you had full discretion to decide the budgets of the HIDTAs each year, would the program be improved?

The requirement that each HIDTA receive no less funding than the prior year is a contributor to limited program effectiveness. This provision, which has been included annually since the FY 1998 appropriation, has essentially transformed the HIDTA program into an entitlement program, guaranteeing each HIDTA a base level of funding regardless of changing circumstances such as a diminished drug threat or problematic performance. The Administration

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[3] The statutory criteria the Director is required to consider when deciding whether to designate an area as a high intensity drug trafficking area:

1. the area is a center of illegal drug production, manufacturing, importation, or distribution;
2. State and local law enforcement agencies have committed resources to respond to the drug trafficking problem in the area, thereby indicating a determination to respond aggressively to the problem;
3. drug-related activities in the area are having a harmful impact in other areas of the country; and
4. a significant increase in allocation of Federal resources is necessary to respond adequately to drug-related activities in the area.

believes this limitation provision should be eliminated so that, following the program's transfer, the Justice Department would have adequate discretion to target the program in a more strategic manner that is complementary of the reorganized OCDETF program.

d. Conversely, however, would state and local agencies be hesitant to commit their resources to the program if they couldn't be sure how much the federal government would contribute? Won't this be a problem if, as proposed, the HIDTA program were transferred to the OCDETF program?

As indicated above, we are confident that the state and local agencies that have been involved in the HIDTAs will recognize the value in the cooperative approach nurtured by the HIDTA program and will continue those practices regardless of who administers the program.

Federal, state, and local cooperation

11. The proposed elimination of the state component of the Edward Byrne Memorial Justice Assistance Grants, the reduction in COPS Meth Hot Spots grants, and the proposed transfer of the HIDTA program have raised larger questions about what is the appropriate role that the federal government should play in coordinating information and resources available to state and local law enforcement to investigate and prosecute narcotics crimes.

a. In particular, do you believe the federal government should provide any financial assistance to state and local law enforcement to investigate and prosecute narcotics crimes for investigations that do not involve federal law enforcement personnel? If so, what kind of support should be provided, and for what purposes?

At a time when the country is at war there is a need to detect and deter terrorist attacks against the United States. Operating within the current budget environment, the Administration has directed resources to meet the highest priority needs. This has meant that not all areas have been funded at the same levels as in the past, including assistance to state and local law enforcement. Nonetheless, the Administration's budget includes $2.4 billion for State and local assistance programs, including funds for assistance to state and local law enforcement efforts to investigate, arrest, prosecute, incarcerate drug offenders, or otherwise reduce the supply of illegal drugs. This includes funds for local prosecutor offices in the four states (California, New Mexico, Arizona, and Texas) along the Southwest Border for the costs incurred of processing, detaining, and prosecuting drug and other cases referred from federal arrests or federal investigations; methamphetamine enforcement and cleanup; and for domestic cannabis eradication. None of these programs require that federal law enforcement personnel be involved in the investigation.

b. Should this assistance be provided directly to individual offices, departments, or states, or some combination of them?

The Administration believes that assistance should be provided in whatever manner is most appropriate, whether to individual offices, departments, or states.

Drug Courts

12. The drug courts program is praised by law enforcement officers, judges, and addiction specialists throughout the country, and shows a great deal of promise. We were therefore pleased to see that the Administration is requesting $70,060,000 for drug courts. However, one potential long-term problem is performance measurement. The last PART review did look at the re-arrest rate of program participants, but it didn't review whether participants were actually abstaining from drug use. Shouldn't the program be evaluating the drug use of participants, in particular through an effective drug testing program?

Abstinence is monitored by frequent alcohol and other drug testing. Frequent court-ordered testing is required and is the most objective and efficient way to establish a framework for accountability and to gauge each participant's progress. Current technology offers highly reliable testing to determine if an individual has recently used specific drugs. Further, it is recognized that alcohol use frequently contributes to relapse among individuals whose primary drug of choice is not alcohol. Testing is central to the drug court's monitoring of participant compliance and is both objective and cost-effective.

The GAO study of February 2005 validates that Drug Court program participants had fewer recidivism events than comparison members, and a lower percentage of participants than comparison group members were rearrested or reconvicted.

In a National Institute of Justice (NIJ) 2003 study of 17,000 drug court graduates, only 16.4% were rearrested.

BJA is currently engaged with NIJ in a major research effort involving 1,600 program participants and 600 individuals in a comparison sample group. It will examine definitive results and what components are most effective.

Drug Enforcement Intelligence

13. The Administration is proposing to eliminate the National Drug Intelligence Center (NDIC), as well as ONDCP's Counterdrug Intelligence Executive Secretariat (CDX). Would the assets and employee positions of these programs be transferred to other intelligence programs, such as DEA's El Paso Intelligence Center (EPIC), or would they simply be eliminated?

The President's FY 2006 budget proposes to eliminate the National Drug Intelligence Center (NDIC). Although the request provides some limited funding to cover "shut-down" costs and salary costs for positions essential to the proper closing of NDIC, it ultimately eliminates all base funding for the Center and NDIC assets and positions must be eliminated if not absorbed within existing intelligence programs. In particular, the Department of Justice intends to make every effort to fill vacancies within existing Department components and programs with eligible candidates currently employed by NDIC. During the process of closing NDIC, the Department would also seek to redirect NDIC assets to existing components and programs where they can be of value.

14. Will ONDCP be issuing an updated General Counterdrug Intelligence Plan (GCIP) soon? If so, when? What changes will be made to the last such plan?

The interagency is nearing completion of many of the goals and milestones established by the GCIP. Accordingly, funding for the Counterdrug Executive Secretariat (CDX) will end October 1, 2005. Remaining CDX projects will be turned over to the lead agency for sponsorship, program management, and funding. The Counterdrug Intelligence Coordinating Group will meet in June 2005 to consider follow-on interagency structure and process for information sharing and intelligence coordination within the law enforcement and Intelligence Communities. Any proposal to update the GCIP would be considered at that time.

15. In its November 2003 Report to Congress, the Counterdrug Intelligence Coordination Group (CDICG) strongly embraced the notion that all major metropolitan areas around the country should work towards creating a single interagency, multi-disciplinary, all-crimes intelligence support fusion center. The report expressed a serious concern among many law enforcement components about a perceived new round of post-9/11 duplication of efforts, stove-piping, and proliferation of new "centers" of law enforcement intelligence sharing and consolidation. What steps has the Administration taken to implement those recommendations?

The National Criminal Intelligence Sharing Plan (NCISP) has been developed to guide law enforcement agencies throughout the U.S. to link together for the purpose of sharing critical data. The NCISP was developed by the Global Intelligence Working Group (GIWG) and formally endorsed by then-U.S. Attorney General John Ashcroft.

NCISP provides the blueprint for all law enforcement personnel for intelligence processes, principles and policies that will provide for a secure, seamless technology infrastructure promoting sharing of critical data among all law enforcement agencies. The NCISP is regarded as the design tool for law enforcement administrators to follow when building or enhancing an intelligence operation—providing them with 28 recommendations that were vetted by local, state, federal and tribal experts and officials.

As part of the Global Initiative, the Criminal Intelligence Coordinating Council (CICC), in support of the U.S. Department of Justice's Office of Justice Programs, has been tasked to develop fusion center minimum standards for law enforcement intelligence components of fusion centers. This initiative will provide law enforcement agencies with model policies, procedures and guidelines to assist agencies in developing the intelligence component of their fusion center. Guidelines being developed in this endeavor are particularly focused on collaboration and integrating/exchanging data and leveraging existing systems, without duplicating efforts or stove-piping new and existing systems.

Ongoing efforts by these initiatives embody principles to maximize sharing of critical information and capitalize on collaboration among all law enforcement agencies. This collaboration, one of the critical guiding principles, will bring about integration of local, state, federal and tribal systems in a seamless and secure environment.

16. The OCDETF program has proposed creating a multi-agency drug intelligence "fusion center" that would collect and analyze intelligence from all federal law enforcement agencies. While this is a worthy goal, one concern that has been raised it that the current model is for intelligence to flow only one way – namely, into the new fusion center. Participating agencies would not be able to access that intelligence, unless the analysts at the fusion center choose to send it to them. There are also fears that the fusion center could be used to take away developing investigations from non-Justice Department agencies and given to Justice Department agencies like FBI and DEA. What has been your involvement in the negotiations over the fusion center? What steps are you taking to address these concerns?

The current model for the OCDETF Fusion Center is not for "intelligence to flow only one way." Products produced by the OCDETF Fusion Center will be available to all the participating agencies that have an interest in a related investigation or subject area. While initially the OCDETF Fusion Center will be more proactive in its analysis - that is, attempting to identify links between elements of organizations that the field might be unaware of and producing leads for the field based on this analysis - the Concept of Operations does include long-term plans to provide a mechanism for the field to query the OCDETF Fusion Center through the Special Operations Division. The OCDETF Fusion Center has been designed to phase in capabilities over time, so as not to lose effectiveness by trying to focus on too much at once. Nevertheless, OCDETF expects that the OCDETF Fusion Center will be available even during initial operations to respond to queries from the field to assist in priority OCDETF investigations.

One of the primary reasons that the OCDETF Fusion Center has been established under the OCDETF Program is because OCDETF, as a multi-agency program that resides outside of any one investigative agency and yet supports all the OCDETF member agencies, is in a unique position to bring the OCDETF agencies together to achieve the goal of creating this intelligence sharing mechanism. While planning for the OCDETF Fusion Center, the OCDETF Executive Office and the initial management team have been very mindful that this initiative will only be successful if it is a collaborative, multi-agency effort that is not owned by any one agency but benefits all the participating agencies. The OCDETF Fusion Center will not be used to take away developing investigations from non-Justice Department agencies to give them to Justice Department agencies. The OCDETF Fusion Center will assist in identifying links among investigations worked by all of the OCDETF member agencies. Regardless of the Department in which the investigative agency resides, those agencies will be made aware of the information known by the OCDETF Fusion Center so that all the agencies can work collaboratively together to most efficiently and effectively investigate and prosecute the targeted organization through operations coordinated by the Special Operations Division.

17. The Department of Homeland Security has proposed creating a Border Interdiction Support Center (BISC) in El Paso, to coordinate law enforcement (including drug enforcement) intelligence among DHS agencies, and between DHS and non-DHS agencies. The BISC would be physically located in DEA's El Paso Intelligence Center (EPIC), and would utilize some EPIC resources. Has ONDCP endorsed the BISC proposal, and will the BISC actually help improve interagency cooperation and coordination in intelligence?

ONDCP supports a multi-agency unified strategy that enhances the ability of the Departments of Homeland Security, Justice, State, Defense and Treasury to support the planning and execution of counternarcotics activities along the Southwest Border. Therefore a standing interagency committee will develop a Southwest Border counterdrug strategy.

ONDCP also supports appropriate improvements that will increase information sharing between the Departments to most effectively address the Southwest Border issues. However, the optimum structure and process for information sharing and operational coordination might best be considered as part of the overall Southwest Border strategy development process. ONDCP expects the interagency to address appropriate design parameters for the BISC as part of that process.

18. The Administration is proposing eliminating two drug intelligence entities (NDIC and CDX), keeping at least two (EPIC and the Treasury Department's Financial Crimes Enforcement Network, or FinCEN), and creating two new ones (BISC and the OCDETF fusion center). Why are we creating new fusion centers, rather than increasing the resources and capabilities of the existing entities?

The Administration is proposing the elimination of the Counterdrug Intelligence Executive Secretariat (CDX) because the vast majority of the most important action items contained in the General Counterdrug Intelligence Plan have been completed. CDX was not designed to serve, nor is it equipped to serve, as an intelligence fusion center that would produce the necessary operational support to counterdrug investigations. Moreover, CDX had a very small staff that provided management oversight, not intelligence analysis or collection.

The Administration is proposing the elimination of the National Drug Intelligence Center (NDIC) because the Administration believes that NDIC's strategic intelligence function can be performed by the existing intelligence resources within the counterdrug agencies.

The analysis performed at the OCDETF Fusion Center will be used to develop operational leads and organization profiles to aid in the pursuit and enhancement of coordinated multi-jurisdictional investigations targeting all related components of drug trafficking enterprises operating worldwide. Moreover, the concept and value from the Fusion Center is predicated on not only inputted information but from state-of-the-art computerized data analysis that is decidedly different than anything within NDIC's functional inventory. Also, NDIC's mission is not operational; rather, NDIC is a true intelligence center, engaged in *strategic* intelligence gathering and threat analysis. Given NDIC's mission, strategic expertise and location, it is not feasible to expand NDIC's resources and capabilities to perform the work of the OCDETF Fusion Center.

Information sharing is key to the success of the OCDETF program. While existing computer systems within the OCDETF-member agencies analyze information about drug trafficking and money laundering organizations, none of these systems currently has access to all relevant drug and financial data nor the technical capability to comprehensively analyze multi-agency data. At the time the OCDETF Fusion Center was proposed, OCDETF and the Department of Justice's

Chief Information Office examined both the mission and technical capabilities of several existing intelligence programs to determine whether the requirements for a Fusion Center could be achieved by expanding the mission and technical capabilities of existing programs. They concluded that, despite decades of effort, the federal government had not successfully fused law enforcement information and intelligence. In large part this failure is due to the fact that agencies are reluctant to share their sensitive investigative information with other law enforcement agencies with which they compete for counterdrug resources. The vast majority of OCDETF member agencies agreed to participate in the OCDETF Fusion Center, in part because the Center will not reside within any one agency, unlike EPIC which resides within DEA.

In addition, the technical requirements and mission of the OCDETF Fusion Center is well beyond the capabilities and focus of NDIC, CDX and FinCEN, and thus it did not make sense to expand any one of these to create the OCDETF Fusion Center. As outlined in the Fusion Center Overview and Drug Intelligence Analysis Report, the OCDETF Fusion Center has a different mission and focus than NDIC, EPIC, and FinCEN. The Fusion Center is meant to analyze both drug intelligence and related financial information in one location to more effectively target both the drug and financial operations of these drug trafficking organizations. By leveraging the de-confliction and coordination mechanisms in place at the Special Operations Division (SOD), the OCDETF Fusion Center has been designed to employ proven methods and avoid duplication of effort.

The Administration has not yet requested resources for a Border Interdiction Support Center (BISC). The interagency will determine the optimum structure and process for information sharing and operational coordination, as part of the overall Southwest Border strategy development process..

19. The 2004 National Drug Control Strategy highlighted the success of Operation Panama Express, an intelligence-driven program managed by the Departments of Justice and Homeland Security that targets drug trafficking from Colombia. PANEX South appears to be a model for success, a joint effort that should be fully supported and enhanced by all participating agencies. However, neither the President's budget proposal, nor ONDCP's upcoming 2005 Budget Summary, appear to include any budgetary information regarding PANEX South, nor do they address the program's recurring budget shortfalls. What plans does ONDCP have to support and/or enhance PANEX South?

ONDCP has been monitoring with great interest the success that has been achieved in OCDETF's Operation Panama Express. ONDCP understands that OCDETF sought and received approval from Congress to reprogram $375,000 in un-obligated FY 2004 funds to support costs associated with expanding two locations currently occupied by the Operation Panama Express task forces. In addition, OCDETF currently has pending a request to reprogram $1.25 million in funds to support OCDETF's Strategic Initiatives, and some of these funds would be available to support Operation Panama Express. To ensure that the evidence uncovered during Operation Panama Express is exploited to its fullest potential, OCDETF has encouraged USCG to send temporary duty personnel to Operation Panama Express and has assigned one new AUSA position received in its FY 2005 Appropriation to provide legal advice and prosecutorial support

to Operation Panama Express. ONDCP will continue to work with OCDETF to ensure that initiatives, like Operation Panama Express, are properly supported.

Drug Interdiction

20. Joint Interagency Task Force (JIATF) South is the successor to the old JIATF-East, also based in Key West, Florida, that was responsible for coordinating the drug interdiction operations of the Defense Department, U.S. Customs, the Coast Guard, and other agencies in the Gulf Coast/Caribbean area. JIATF-West, based in Alameda, California, was responsible for the same mission in the Eastern Pacific area. As of October 1, 2003 JIATF-South's area of responsibility was expanded to include both the Gulf Coast/Caribbean and the Eastern Pacific areas, while JIATF-West was relocated to Hawaii. This change has greatly increased JIATF South's workload, but it has apparently come with no additional resources or personnel, because although the Defense Department greatly reduced JIATF-West's budget, it did not transfer those resources to JIATF-South. What is ONDCP's view of this DOD reorganization, and what actions has ONDCP taken to ensure adequate resources are given to JIATF-South?

The expansion of JIATF South's Area of Responsibility (AOR) in the Eastern Pacific, which now includes a Joint Operating Area between 92 degrees West longitude and 120 degrees west Longitude, has improved the efficiency of counterdrug operations in the region by enhancing unity of effort. To be able to absorb the additional workload associated with its expanded AOR, JIATF South was provided 5 additional civilian personnel.

ONDCP directly and through the United States Interdiction Coordinator coordinates with JIATF South, the Department of Defense and other Drug Control Agency staffs to ensure that JIATF South's counterdrug resources are sufficient, their use is optimized, and that counterdrug operations are synchronized and integrated as much as possible across the entire interagency and with our international allies.

21. During a recent Subcommittee staff visit to JIATF-South, the director, Admiral Hathaway, stated that his actionable intelligence now exceeded his operational interdiction capability. Additionally, the Department of Defense continues to face significant challenges with respect to resource allocation given the situations in Iraq and Afghanistan. How does ONDCP intend to strategically address the critical shortage of air and maritime interdiction assets currently needed in the transit zones?

The Departments of Defense and Homeland Security have successfully managed to support transit zone interdiction operations, despite the demands of homeland security missions and the Global War on Terror. ONDCP, through the United States Interdiction Coordinator, actively consults with United States and allied counterdrug resource providers on availability and utilization of air and maritime counterdrug assets in the Transit Zone. For example, when notified by the U.K. that their NIMROD fleet would be cut by 25 percent, we worked with DOD to arrange free lodging for NIMROD crews at FOL Curacao, so as to offset costs and delay reduction in NIMROD MPA hours.

Even with some asset reductions, improved intelligence and a more efficient interdiction system actually increased cocaine removals from the Transit Zone during the past three years, 157 metric tons removed in 2003 compared to more than 210 in 2004.

22. In general, what do you believe the role of the Defense Department should be in counterdrug operations? Given the increasing demands on the Department, and its increasing reluctance to engage in counterdrug operations, is now the time to transfer leadership on interdiction (including detection and monitoring) to law enforcement agencies, particularly those at the Department of Homeland Security?

The Department of Defense plays a critical role in the President's strategy to reduce the supply of illegal drugs bound for the United States. The recent record years for cocaine removals have been achieved through a combination of military, law enforcement and international authorities and core competencies. The Department of Defense provides the essential command and control, planning, communications, intelligence, and international partnerships that are the core of the National task forces (Joint Interagency Task Forces). DOD's contributions are complemented by the authorities, competencies and resources of U.S. law enforcement and our allies. The Department of Defense's unique capabilities cannot be replicated by any other department or agency and should not be transferred.

23. If the Defense Department is unwilling to use counterdrug funding provided by Congress for counterdrug purposes, would you agree that Congress should transfer those funds to other agencies willing to take on counterdrug responsibilities?

DOD continues to support the President's National Drug Control Strategy. Funds appropriated by Congress for specific purposes are used by the Administration for those purposes. DOD uses counterdrug funding appropriated by Congress for counterdrug purposes. Additionally, DOD brings unique capabilities in support of the NDCS, particularly with regard to the detection and monitoring of drug trafficking intended for the U.S.

24. Similarly, do you see advantages to having DHS taking over the Tethered Aerostat Radar System (TARS), which helps monitor the Southwest border and which used to monitor traffic in the Gulf Coast before the Defense Department shut those stations down?

There is no advantage to transferring the TARS to DHS. As the designated lead Federal agency for the Detection and Monitoring (D&M) mission, DOD has done a commendable job managing the TARS. Transferring the TARS to DHS would impose an unnecessary disruption in its management and maintenance support that may seriously impact its maintainability. Until a more modern and reliable follow-on system is developed, TARS should continue to be fully-funded and managed by DOD.

Drug Flow Estimation

25. We continue to receive conflicting information about the status of our current efforts to halt coca cultivation and flows out of Colombia. The CIA's Crime and Narcotics Center, the Defense Intelligence Agency and the Drug Enforcement Administration all use

different methodologies and have produced different crop cultivation numbers. With regard to flow estimates, it is our understanding that the Inter-Agency Cocaine Movement model provides one number while the Consolidated Counterdrug Data Base model provides another, and that different agencies use different numbers to produce their statistical information. This makes it difficult for us to get an accurate picture of how successful our interdiction efforts have been.

a. Which cultivation estimate gives us the most accurate measure of how much coca is being cultivated in Colombia in a given year? How is this estimate generated?

b. Which of these measures is more accurate in determining the flow of cocaine into the U.S.?

c. How accurate are the various methodologies? What is the "margin of error" – plus or minus 10%, 20%, or 30%?

d. Are there more accurate methodologies that we should be using to measure production and flows? What statistical information do they use?

e. What is the time line for when we may see changes in cocaine price and purity on the street corners in the United States?

f. Please provide the Subcommittee with the current interagency model that is used to measure the flow of cocaine from the fields of Colombia into the United States, including the estimated time that it takes for coca leaf harvested in Colombia to be sold in the United States. Please note any assumptions that are made which may cause this model to err more than 10 percent.

ONDCP recognizes that there is a lack of consistency among the various cocaine estimates, and last year tasked an interagency working group composed of key members of the counterdrug intelligence community to study the issue. The working group has been coordinating a classified intelligence assessment that addresses some of these concerns, and we will share the results of this report with the Committee upon its completion, which is likely to be within the next few weeks. There is also an upcoming IACM report which is being coordinated with law enforcement and intelligence community participants.

Colombia

26. The Government of Colombia has been very successful in eradicating coca within its borders. The number of paramilitary AUC members demobilized and demobilizing has surpassed all expectations. The economy of Colombia is accelerating, and it is my understanding that citizens now feel safe to travel in their own country.

a. How is ONDCP coordinating with the Department of Defense and State to ensure that these trends continue?

Colombia is a key nation in achieving the goals of the President's National Drug Control Strategy. ONDCP coordinates with the Department of Defense (DOD) for the implementation of the NDCS in several fora. ONDCP chairs a standing interagency meeting at which Colombia issues are reviewed. ONDCP's Office of Supply Reduction meets biweekly at other interagency meetings on Colombia. Members of ONDCP routinely travel to Colombia for consultation with the country team and senior Government of Colombia officials to oversee the implementation of the National Drug Control Strategy.

b. What steps is the United States taking to help institutionalize the changes in security and rule of law in Colombia that our assistance to date has helped bring about?

ONDCP is coordinating the efforts of U.S. Federal agencies to institutionalize improvements in Colombian security, for example:

- DOD provides human rights training for the Colombian Military and National Police; streamlined logistics support system of the Colombian Military; and training to improve the professionalism of the Colombian Military.
- Department of Justice is working closely with the Government of Colombia to institute an accusatorial system of justice by providing advice and training to the Government of Colombia so that those changes would be made permanent in law.
- USAID has revolutionized the way the Government of Colombia provides assistance to its least advantaged by setting up Houses of Justice to hear and respond to local complaints and reduce the workload on the justice system.
- USAID provides alternative development that is viable and tied to infrastructure and markets to ensure the farmers are not forced to go back to illicit crops to make a living.

c. How are these outcomes changing the U.S. mission in Colombia?

The improving security environment in Colombia is creating more stability for U.S. business investment in Colombia. U.S. country team personnel can better accomplish their missions throughout Colombia. As the security situation stabilizes further, U.S. resources can better target drug trafficking organizations to further disrupt the drug industry.

d. What effect have these changes had on the surrounding countries, such as Peru, Bolivia, Brazil and Equador?

To date, we have not seen any kind of major shift in illegal drug cultivation to those countries. The success in Colombia, particularly of President Uribe, has spawned increased regional cooperation and support for governments to directly engage the threat of narcoterrorists. We expect to see even greater military-to-military cooperation in the region to deny safe havens to terrorists.

Afghanistan

27. In 2004 the Department of Defense requested and received $73 million in supplemental funding to combat the heroin production problem in Afghanistan. Instead of

spending the money on destruction of known opium production and stockpile sites, the Department has chosen to provide the kind of police training to the Afghans that the State Department normally provides. Equally troubling was the Department's decision to lease unsafe Russian MI-8 helicopters rather than purchase American-built Huey II helicopters for Afghan counterdrug usage, and the Department's reluctance to provide DoD aviation assets to transport DEA personnel to areas of poppy growth and opium production.

a. Has DoD shown a capacity to effectively utilize their counterdrug money in Afghanistan? If so, exactly how?

The focus of the USG is to coordinate with the United Kingdom, the lead nation on CN, to build the Afghan government's capacity to combat opium poppy cultivation and opium/heroin production and trafficking. We believe that, whenever possible, our military efforts should support the Afghans in law enforcement efforts against this difficult problem. U.S. counternarcotics programming is set out in a five-pillar plan that offers incentives through alternative livelihoods, combined with strong disincentives in the form of forced eradication, law enforcement, and interdiction, while a robust public information campaign helps spread President Karzai's message about the disgrace of narcotics production. All of these U.S. anti-drug efforts are intended to simultaneously produce results while we build the Afghan government's capacity to conduct counternarcotics efforts on its own.

In the last year, DOD's contributions to key pillars of this plan have been significant. DOD, in support of INL, is assisting the Afghan Border Police with specialized training, equipment, and facilities focusing on the border with Pakistan. Additionally, the U.S. Army Corps of Engineers will oversee the construction of headquarters facilities for the Border Police and for the National Highway Police. At other major crossing points, DOD is assisting the Government of Afghanistan to improve border drug transit points along routes to Iran, Turkmenistan, Uzbekistan, and Tajikistan. These facilities will allow for a greater law enforcement presence, improved security, and reduced drug trafficking along these major routes. Additionally, they provide equipment such as vests and cold/wet weather gear, limited quantities of Global Positioning Systems, drug detection equipment, boots, and other gear to the Border Police. Furthermore, DOD is providing a communications system and training for the Border Police that will link them with the existing National Police communications system procured through Department of State funds that will extend from the command to the tactical level.

Expanding Afghan interdiction capabilities so that its operations can result in criminal prosecutions is an important pillar. Using Fiscal Year 2004 funding, DOD in support of law enforcement, funded the ongoing training and equipping of a specialized National Interdiction Unit (NIU), an element of the Afghan Counternarcotics Police. This unit consists of approximately 100 trained officers and will work closely with the U.S. Drug Enforcement Administration (DEA). DOD is also constructing a base of operations that will provide spaces for housing, feeding, and additional training of these officers. To work with this newly-minted Afghan interdiction force, DEA requested DOD to provide support to an enhanced surge capability that will put rotating teams of DEA agents in country to work with their Afghan counterparts. The assistance provided DOD includes ongoing field training at Fort Benning of team members known as the DEA Foreign Advisory Support Team (FAST) officers. The

Department is also providing a base of operations for the teams while in the U.S. where they can continue to train and is providing team members with transportation to Afghanistan. CFC-A will support this element with some transportation support and in-extremis close air support and emergency medical evacuation if needed. U.S. Central Command is preparing to provide aerial transportation support for up to four interdiction operations per month. In addition to this support, DOD has leased two MI-8 helos for use by interdiction forces and Afghan police and DOD is in the process of refurbishing two Afghan-owned helicopters. The helicopters will be used to form an Afghan police transportation unit for the interdiction force and other police actions. A training program to build the pilot, maintenance capacity and base of operations will be provided with DOD funding and support. While pilots and maintenance crews are being trained, DOD has budgeted for contractors to provide this service.

b. Is there a compelling reason to support the Defense Department's $257 million request for counterdrug funds in this year's $80 billion war supplemental? If DoD is only going to use the money to do things that State Department has the legal authority and expertise to do, shouldn't those funds go to the State Department? Why should DoD receive any counterdrug funds if it won't use them to provide military support to counterdrug operations?

DOD is supporting the Administration's Afghan CN strategy and works with State (INL) to ensure there is no duplication of effort.

c. Have you seen evidence of DoD cooperation with or positive response to DEA support and intelligence requests? If so, what is that evidence?

In the last year, the Department's contributions to the Administration's counternarcotics plan for Afghanistan have been significant. In Afghanistan, U.S. troops are authorized to conduct military operations against drug trafficking targets when those military operations support our stability mission in Afghanistan. If our troops come across drugs or drug producing equipment during the conduct of other military operations, they are authorized to take action against these targets and report all drug related discoveries. Since July 14, 2004, there have been 19 reported instances of U.S. military forces encountering drugs in the course of military operations and either destroying or transferring the drugs to the appropriate Afghan authorities; nine of those instances were in January 2005.

More recently, on March 15, U.S. military forces provided insertion, extraction and security support to six Drug Enforcement Administration (DEA) officers and 36 Afghan narcotics police in a successful operation against three labs located in Nangarhar province, one of the primary sources of Afghan opium. Significantly, DEA officers, U.S. military forces and Afghan police planned, rehearsed and, finally, successfully executed this effort resulting in significant evidence collection by the DEA and the destruction of two metric tons of brown opium, 15 kilos of high-grade white opium, as well as associated chemicals. The 36 Afghan narcotics police were equipped and trained using Department contractors and funds. In addition, U.S. military support included Apache, Blackhawk and MI-8 helicopters. This is just one example of the evolving partnership between DOD and DEA toward developing effective interdiction capabilities.

d. Have you personally met with Secretary Rumsfeld or USCENTCOM to get their support for our counterdrug efforts in Afghanistan? What requests did you make, and were they acted upon?

ONDCP has met with U.S. Central Command. ONDCP's Assistant Deputy Director for Supply Reduction meets regularly with Deputy Assistant Secretary of Defense for Counternarcotics to coordinate DOD efforts in Afghanistan. We are pleased with DOD's support to the Administration's counternarcotics implementation plan in Afghanistan. DOD is playing a critical role in supporting the Administration's Afghan CN strategy and works with State (INL), DEA, other Federal agencies and our Coalition partners to ensure there is no duplication of effort. The Administration's plan leverages DOD's capabilities to compliment and reinforce the efforts of other agencies and the overall CN strategy.

e. By allowing the heroin problem to escalate in Afghanistan, are we guilty of creating and supporting a narco-terrorist state?

President Karzai has committed himself and his government to ensuring that Afghanistan does not become a narco-state. On December 9, 2004, two days after his inauguration, President Karzai addressed a conference of Afghan religious and political leaders whom he had called together in Kabul to discuss the narcotics problem. At the conference, Karzai called narcotics production in Afghanistan "a disgrace." He said it was more threatening than terrorism or the Soviet invasion of 1979, and called for an anti-drug "jihad."

President Karzai backed up his words with actions, appointing a cabinet-level minister for counternarcotics and creating a sub-cabinet interagency working group. The working group includes the key Ministries of Counternarcotics, Interior, Finance, and Rural Development, among others, to ensure a government-wide and countrywide effort. The Afghan government subsequently issued an eight-part counternarcotics plan focusing on institution-building, public information, alternative livelihoods, interdiction and law enforcement, criminal justice, eradication, demand reduction and treatment, and regional cooperation.

In addition to the new Ministry of Counternarcotics, the Government of Afghanistan has also taken other measures to address the problem of counternarcotics throughout 2004. A Central Poppy Eradication Force was established in April 2004 to carry out centrally directed forced eradication across the country. In October 2004, the National Interdiction Unit, a special interdiction force, being trained by the U.S. Drug Enforcement Administration was created under the existing Counternarcotics Police. In November 2004, the position of Deputy Minister for Counternarcotics was created in the Ministry of Interior to oversee counternarcotics enforcement activities.

Alternative livelihood programs are also underway, to help cushion the effects of eradication. U.S. programs are focusing on up to seven provinces that have experienced the most poppy cultivation. Other nations, including the United Kingdom, are particularly interested in alternative livelihood programs and are supporting programs in these and other provinces.

The U.S. government is also supporting Afghanistan's efforts to end narcotics production and trade. The Administration, recognizing the growing seriousness of the problem and in consultations with the United Kingdom, initiated work on a major effort to address the narcotics problem in early summer 2004. The Administration developed an approach, which aims to reverse the tide of narcotics cultivation, processing, and trade, and to begin to combat the threat it poses to Afghan stability and Afghanistan's pursuit of democracy. Our approach is a comprehensive, simultaneous effort that includes changing public attitudes, identifying and prosecuting drug traffickers and corrupt officials, destroying illicit crops, opiates, and processing labs, and creating legitimate income streams.

U.S. counternarcotics programming is set out in a five-pillar plan that offers incentives through alternative livelihoods, combined with strong disincentives in the form of forced eradication, law enforcement, and interdiction, while a robust public information campaign helps spread President Karzai's message about the disgrace of narcotics production. All of these U.S. anti-drug efforts are intended to simultaneously produce results while we build the Afghan government's capacity to conduct counternarcotics efforts on its own. To get the message out on counternarcotics, the United States is actively supporting the spreading of President Karzai's counternarcotics message to the provinces through the media and planned events. On alternative livelihoods, quick-impact programs have already employed 12,000 people in Helmand and Nangarhar provinces. We have trained judges, prosecutors, and police for the special prosecutorial counternarcotics task force, to promote effective law enforcement and judicial capacity. The Afghan Special Narcotics Force is conducting major operations, and the intelligence fusion center is operational to support our interdiction goals. While the weather has delayed eradication, reconnaissance teams are in the field and trained Central Poppy Eradication teams are ready to deploy.

The British Government is the lead government for the international community on counternarcotics in Afghanistan. The British are contributing a total of $100 million in 2005, with half of that going toward alternative livelihood programs.

The U.K. is assisting the Afghan government in creating a Counter Narcotics Trust Fund. Once established, the fund will provide a central point for funneling international contributions for counternarcotics and will ease coordination and deconfliction of programs. It will also help Afghanistan keep better track of donations. The fund will allow donors to earmark contributions for either alternative livelihood or law enforcement programs.

The narcotics problem is perhaps the greatest challenge facing Afghanistan today. Consequently, it is perhaps the greatest obstacle to our goal of seeing Afghanistan become a peaceful, prosperous country that never again harbors terrorists like those who attacked us on September 11.

Although we have seen some evidence of short-term success on counternarcotics in the past few months, it is important that we do not let up. This is a long-term problem that will require continued, focused attention by the Afghan government and the international community, including the United States. The Afghan Government, under President Karzai's leadership, has

made a commitment and deserves our support. We are grateful for Congress' assistance, and with your continued support, we will see Afghanistan overcome this great challenge.

28. Poppy production has now spread to all 32 provinces in Afghanistan and there was a 239 percent increase in the poppy crop in 2004. The Karzai Administration continues to oppose aerial eradication, but the manual eradication effort last year proved to be a failure in reducing crop production.

a. How are you coordinating the efforts of the Departments of Defense, State, and Justice in developing an effective strategy to address this year's crop production?

The Departments of Defense, State, and Justice, other agencies, and our Embassy in Kabul all worked very closely together to update our five-pillar Afghanistan counternarcotics plan. In implementing the plan, interagency coordination and communication occurs on a daily basis at the working level, both in Washington and in Kabul. Direct coordination at more senior levels also occurs on a regular basis.

The Administration developed an approach that aims to reverse the tide of narcotics cultivation, processing, and trade and begins to combat the threat it poses to Afghan stability and Afghanistan's pursuit of democracy. Our approach is a comprehensive, simultaneous, large-scale effort that includes changing public attitudes; identifying and prosecuting drug traffickers and corrupt officials; destroying illicit crops, opiates, and processing labs; and creating legitimate income streams.

b. Have you met with President Karzai or members of his administration to discuss possible aerial eradication efforts in the future? What were the results of any such meetings?

Ambassador Khalilzad in Kabul, as well as senior members of his country team, have met with President Karzai on several occasions to discuss aerial eradication. While President Karzai understands how aerial eradication could be used to significantly reduce the size of the poppy crop, he remains steadfast in his concern over what he believes could be environmental and heath related impacts from aerial spraying as well as his concern that aerial eradication could have a destabilizing effect on the country. Accordingly, he has issued a policy against use of aerial eradication. We honor that policy and will not implement an aerial spraying program absent a formal request by the President of Afghanistan seeking such support.

The Director, ONDCP, met with President Karzai during his visit to Kabul in April 2004.

c. What efforts are being made to reduce the flow of opium and heroin out of Afghanistan?

Conducting interdiction operations by using ground vehicles has proven to be somewhat impractical and also subjects the missions to compromise. In the near term, interdiction forces including those working with the DEA and United Kingdom trained forces may receive some tactical lift from DOD using a mix of UH-60 Blackhawk helicopters and leased MI-8s. U.S.

Central Command is preparing to provide aerial transportation support for up to four interdiction operations per month. In the long term, however, these interdiction forces will need dedicated internal mobility to extend their reach and flexibility.

DOD provides support to the United Kingdom trained Afghan interdiction force, the Afghan Special Narcotics Police (ASNF). The success of this force is a tribute the United Kingdom's excellent work with the Afghans. Since last summer, the ASNF has seized and destroyed no less than approximately 81 metric tons of opium, 70 heroin labs, and 28 metric tons of precursor chemicals. They have detained numerous drug traffickers. The U.K.'s contributions in other areas of counterdrug efforts have been no less significant. It has significantly increased its contributions to Alternative Livelihood programs offered to farmers.

DOD has contributed by providing close air security support and equipment. Thus far this year, U.S. military forces have transported the ASNF to Kandahar for recent interdiction operations, has provided access to a Predator and intelligence support for interdiction operations, and plans are underway to construct a forward Operating Base (FOB) near Khandahar. In coordination with the U.K., we will also continue to provide the ASNF with equipment, including night vision goggles. In addition, DOD is financing the refurbishment of an additional MI-8 helicopter to compliment the U.K. refurbished MI-8s used by this force.

To improve the flow of information between intelligence and law enforcement organizations, the Defense Department established counter-narcoterrorism Intelligence Fusion Centers (IFCs) within Combined Forces Coalition – Afghanistan (CFC-A) and the Afghan Ministry of Interior. Thus far, intelligence packages developed, at least in part, by the CFC-A cell have been used in several successful Afghan interdiction operations, including those of the ASNF. The cell is working closely with other USG agencies, such as DOS and DEA, as well as our U.K. partners. The Afghan center will not only house counternarcotics information in support of interdiction and prosecution, but will support police operations against insurgent and other illicit activities. This database will be the first step in reconstructing Afghanistan's criminal justice records which were destroyed by the last two decades of war. In Fiscal Year 2005, we will continue to support this effort and expand its capability.

d. If the Karzai government continues to oppose aerial eradication of poppy in Afghanistan, what other alternatives can the United States suggest that will help eliminate the drug crop in Afghanistan?

We are concentrating on building and executing a robust ground eradication program carried out by the Afghan Central Poppy Eradication Force and President Karzai has directed that provincial governors conduct their own forced eradication where farmers do not agree to comply with his poppy ban. This eradication program is being targeted and conducted in areas where alternative livelihood programs are being implemented (e.g., micro-credits, cash-for-work projects, introduction of high value crops, new agricultural technologies, extension services, market development, agro-business development, credit and financial services, farm-to-market roads, irrigation improvements, etc.).

Simultaneously, while these programs are being conducted, we are working with our international partners to build law enforcement capacity and judicial reforms, conduct interdiction operations, and execute public information campaigns to send strong anti-drug messages through media outlets and in public diplomacy. These initiatives have the goals of changing attitudes, increasing risks, reducing incentives, and increasing legitimate economic opportunities to eventually eliminate the opium trade in Afghanistan.

Drug Trafficking and the Financing of Terrorism

29. Three years ago, the federal Media Campaign ran a series of ads that drew a direct connection between drug trafficking and terrorism. You made several public statements that drug trafficking and terrorism are very closely linked. Do you still believe that this is the case?

Yes.

a. Can you please elaborate on the relationship that you see between drugs and terrorism? To clarify, we are not asking for case examples, but rather your understanding of the philosophical relationship between the two challenges. That is, are they connected only to the extent that drug trafficking generates profits which can be used to finance terrorist activities? Or should we consider the trafficking of drugs, the selling of this poison to our kids and the deaths that are caused up and down the line to be "terrorist" activities?

The DEA Administrator recently testified that DEA investigations have shown 17 of 39 organizations on the Department of State's list of designated foreign terrorist organizations have drug trafficking connections. In some cases, low level cadres are involved in low level trafficking. In other cases, the entire organization is implicated in large scale drug trafficking as a matter of policy—earning significant illicit revenue to fund their terrorist enterprise.

The drug terrorist nexus appears to be strongest in those regions of the world where the rule of law is weakest. Terrorist, insurgent, or separatist organizations that have achieved control over large geographic regions and eliminated the institutional presence of the central government often find they have common interests with drug traffickers:

- Financial: FARC, AUC, ELN, and Sendero Luminoso terrorist organizations provide security for the drug trafficking industry, shielding drug cultivation, production and trafficking from law enforcement operations, and receiving in turn huge revenues.
- Political: Coca and opium cultivation are labor intensive enterprises and often provide the major source of income in drug production regions. Insurgent or separatist organizations that protect the illicit drug industry from government counterdrug operations may enjoy greater popular support from the inhabitants of drug producing regions.
- Ideological: In some cases, anti-western organizations have justified their involvement in drug trafficking by the damage trafficking and consumption inflicts on western society.

Many drug traffickers resemble terrorists in other ways:

- In major trafficking countries in Latin America, drug traffickers engage in violence for political purposes. Drug traffickers use violence and bribery to intimidate and corrupt government officials, weaken law enforcement institutions and the rule of law, and enhance their own political power to the point they are beyond the reach of law and themselves threatening to democratic institutions.
- In the United States drug traffickers threaten our communities with crime, violence, disease, and addiction. In 2002, over 26,000 people died of drug-induced causes and almost 700,000 people went to the emergency room due to drugs. Illicit drugs cost the economy over $180 billion annually in lost earnings, health care, and social costs. Half of all arrestees are on drugs at the time of their arrest. Behind these statistics lie countless broken homes, shattered lives, and social ruin rivaling any terrorist attack on the United States.

30. Terrorism has been identified as a national security threat. Understanding the close link between terrorism and drug trafficking, do you also consider drugs to be a national security/terrorist threat?

In NSPD 25 – *International Drug Control Policy*, this Administration recognized that international Drug Trafficking Organizations (DTOs) and their linkages to international terrorist organizations constitute a serious threat to the national security of the Untied States requiring a concerted counterdrug effort by all appropriate Departments and Agencies.

Drug Testing

31. The U.S. Food and Drug Administration (FDA) has claimed the authority to regulate drug testing kits as "medical devices." Besides being an illegal extension of their statutory authority, this move could seriously undermine the Bush Administration's stated desire to promote student drug testing. FDA has threatened to force the devices to be marketed under conditions that would make them very unattractive to school administrators, forcing them to use much more expensive and time-consuming laboratory tests, or to abandon drug testing altogether. We brought this problem to your Office's attention last year. What steps have you taken to resolve this problem?

FDA has assured ONDCP that they will use their regulatory authority to ensure that drug testing kits meet appropriate standards of accuracy, and that their regulatory actions will not become an impediment to wide use of student drug tests.

"Harm Reduction"

32. The "harm reduction" movement is a misguided effort to make drug abuse "safe" by distributing guidebooks on how to shoot-up with heroin, the dissemination of clean needle kits or even the (illegal) drugs themselves, and even new "safe" crack pipes designed so addicts won't burn their lips. What is the Bush Administration's position on so-called "harm reduction"? Should it play a role in effective drug policy, or does it undermine effective drug policy?

The U.S. Government is opposed to drug polices that include needle exchange, drug legalization, decriminalization, and government provision of illegal drugs and injecting rooms—all of which are associated with "harm reduction." These programs are not consistent with the goal of reducing illegal drug use and their effect is to abandon the drug user to face a lifetime of dependency on dangerous and debilitating drugs. Moreover, the policies noted above are not in accordance with international drug-control treaties and seek to undermine effective drug policy.

The position of the Administration is to support drug abuse treatment, patient education, prevention efforts, and community outreach. ONDCP has fashioned drug policies that work, including effective drug treatment resources that lead to full recovery and the re-integration into society for millions. We implement effective prevention campaigns that turn young people away from a life of drugs at moments when they are most vulnerable. We use the criminal justice system as an ally in achieving treatment referral and recovery by enlisting the power of the courts to effect supervised treatment rather than jail. We believe that drug use is a preventable and treatable disease.

33. Has ONDCP weighed in with the United States Agency for International Development (USAID) concerning its financing of harm reduction programs throughout the world?

ONDCP reviews world drug control programs annually through the State Department's International Narcotics Control Strategy Report as a part of a larger interagency review process. ONDCP also reviews the State Department's International Narcotics and Law Enforcement office's budget. Two years ago, ONDCP reviewed all interagency budgets and realigned its review process. USAID is not a drug control agency and as such, was not in this review.

34. At the hearing, we raised the subject of the 14th International Conference on Reduction of Drug Related Harm was held in Chiang Mai, Thailand from April 6-10, 2003. It was sponsored by the International Harm Reduction Association, the Asian Harm Reduction Network, and cosponsored by the Centre for Harm Reduction and USAID. What was a federal agency doing as a cosponsor of this conference, and what will ONDCP do in the future to try to stop such activity?

ONDCP along with the Department of State Office of International Narcotics and Law Enforcement, International Organization Affairs and the U.S. Global AIDS Coordinator recognize that our fight against illegal drugs is part of the fight against HIV/AIDS. The U.N.'s forum on Drugs and Crime just recently included the topic of HIV/AIDS in its annual Commission on Narcotic Drugs meeting. ONDCP has been coordinating with the State Department's Global AIDS Coordinator's Office on combating drug issues as it relates to the goal to also reduce HIV/AIDS. Because of the way that HIV/AIDS and other pathogens are transmitted, we need to strengthen our commitment to stopping drug use.

ONDCP will take steps to ensure that U.S. government activities related to drug control and treatment are fully consistent with the U.S. government's strategy and objectives.

35. At the hearing, we also raised the subject of the Asian Harm Reduction Network's 350-page *2d edition Manual for Reducing Drug Related Harm in Asia*, which contains a USAID logo. USAID's assistance in the production of the manual is acknowledged inside the cover: "This publication was made possible through support provided by the Office of Strategic Planning, Operations, and Technical Support, Bureau for Asia and the Near East, U.S. Agency for International Development..." Included in the second chapter of the manual, "Rationale for Harm Reduction," are sections on "needle and syringe programs," "sales and purchasing of injecting equipment," and "removing barriers." Chapter five, "Injecting Safely," are sections devoted to "sharing of injecting equipment," and "safe injecting." Was it appropriate for a federal agency to assist such activity? Will ONDCP take action in the future to try to stop it?

ONDCP strongly opposes policies that facilitate drug use. Increasingly, we are seeing policies of other countries that promote drug use, such as injection rooms and drug-distribution programs. These programs are not in accordance with international drug-control treaties and undermine progress in international demand reduction. We believe that drug prevention efforts are our first line of defense against illegal drug use and programs aimed at preventing drug use are invaluable in educating young people about the dangers of drug use and reinforcing a climate of social disapproval of drug use. We know that drug treatment works and is an effective means of preventing the spread of HIV/AIDS.

The U.S. Government's position is to oppose any programs and policies that enable and sustain current drug use and that do not have a goal of treatment and recovery. We support the increase in funding for education, community outreach and substance abuse treatment. Our goal in the international community should be to encourage Member States to develop effective prevention and treatment programs. These programs can include methadone and buprenorphine treatment approaches but not so called "injecting safely" programs. ONDCP will coordinate to ensure a consistent USG policy posture that provides treatment and recovery resources that are consistent with US National Drug Control objectives.

36. Does ONDCP review or certify USAID's drug programs?

ONDCP does not receive USAID's budget for review as they are not a drug control agency.

37. Have you spoken with USAID Administrator Natsios about these uses of taxpayer dollars?

USAID is not a drug control agency and as such, there has been no need to review the use of USAID funding with Administrator Natsios. Given the current overlapping of health and drugs issues in current international meetings, ONDCP will work with USAID on these issues going forward.

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