



OFFICE OF NATIONAL DRUG CONTROL POLICY
EXECUTIVE OFFICE OF THE PRESIDENT
Washington, D.C. 20500

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The Honorable Leon Panetta
Director
Office of Management and Budget
Executive Office of the President
Washington, D.C. 20500

Dear Mr. Panetta:

The enclosed document outlines ONDCP's budget priorities for FY 1995 to support the principal objectives of the President's Interim Drug Control Strategy. This Interim Strategy charts a new, realistic course that will reinvigorate our efforts to prevent drug use before it starts, extend a hand to those who have started, punish those who profit from the misery and tragedy that flows from drug trafficking, and work with those countries, especially the major source and transit countries, that demonstrate the political will and program commitment to combat the drug trade. This proposal presents the funding plan for key initiatives to ensure that the objectives of the Interim Strategy are achieved.

The budget initiatives proposed in the enclosed document put more emphasis than in the past on demand reduction programs, youth drug and violence prevention, and source country programs. A total of \$988 million is requested for three major initiatives that are briefly described below. When fully implemented, these initiatives will have a tremendous impact on the most difficult aspect of the drug problem, hard-core drug use and its damaging consequences.

Treatment Infrastructure Service Expansion

The Treatment Infrastructure Service Expansion initiative requests \$715 million to provide expanded treatment capacity and more treatment for hard-core drug addicts, both inside and outside the criminal justice system. It will add nearly 51,000 slots and will provide resources so that nearly 126,000 additional persons can receive treatment services they need.

Youth Crime, Violence and Prevention

Drug use is behind much of America's problem with crime and violence. The Youth Crime, Violence, and Prevention initiative requests \$200 million to ensure that every child from kindergarten through the twelfth grade will have the opportunity to live productive lives free of crime and violence. This effort provides additional funding for the Safe and Drug-Free Schools and Communities program and for a new initiative to combat teenage drinking.

Source Country Counterdrug Enhancement

The Interim Strategy calls for a controlled shift of emphasis away from the transit zones to the source countries, focusing on programs to achieve democratic institution-building, dismantle organizations, and interdict drugs. The recently signed Presidential Decision Directive (PDD) signals the President's dissatisfaction that source country resources were cut by Congress below their FY 1994 request level. Accordingly, the proposal includes a \$73 million initiative in this area to restore and enhance resources for the Bureau of International Narcotics Matters in FY 1995.

These initiatives, along with expected funding from the Crime Bill, will give the Administration the resources it needs to implement its drug control priorities, as articulated in the Interim Strategy. I look forward to working with you in the weeks ahead on this very important issue. Should your staff need any additional information, they should contact John Carnevale, Director of Planning and Budget at 467-9880.

Sincere regards,



Lee P. Brown
Director

Enclosure

**Executive Office of the President
Office of National Drug Control Policy**

I. OVERVIEW

Background

The Office of National Drug Control Policy (ONDCP) establishes the policies, objectives, and priorities for the National Drug Control Program (the Program). ONDCP provides the President's primary Executive Branch support for drug policy development and program oversight. It advises the President on national and international drug control policies, strategies, and funding levels, and works to ensure effective coordination of drug programs within the Federal government.

- A policy statement delineating the major focus of this Administration's National Drug Control Strategy was released in October 1993. The the "Interim Strategy" set forth the Administration's plan to conduct domestic and international drug policy, but did not identify budget resources or provide goals and objectives to implement it. This document defines the resource requirements to implement the President's plan.

The Interim Drug Strategy gives new direction to national efforts to confront the problems caused by illicit drug use and trafficking. It views drug policy as a cornerstone of domestic policy in general, and links it with efforts to spur economic growth, reform health care, curb youth violence, and empower communities. It is distinguished from past Strategies in several key ways:

- o It shifts the focus away from the easier part of the drug problem, reducing casual or intermittent drug use, to the most difficult aspect, reducing hard-core drug use and its consequences.
- o It views the drug problem not in isolation, but as inextricably linked to other domestic policy issues such as the health of the economy, violence, health care, and family and community stability.
- o It recognizes drug dependence as a chronic, recurring disorder requiring treatment and continuing aftercare, and targets all heavy drug users for intensive treatment and supervision to reduce their drug use and its consequences.
- o It proposes an aggressive drug treatment strategy to reduce the number of hard-core drug users by expanding treatment capacity in general and for special populations, such as those in the criminal justice system and pregnant drug users.
- o It proposes to give all drug users access to treatment services through Health Care Reform and other related initiatives.

- o It recognizes the need for grassroots level efforts rather than top down Federal-to-local programs to deal with the drug problem.
- o It supports Community Empowerment (local efforts based on strategic, comprehensive plans) as the best way to coordinate government efforts across program and jurisdiction lines. It promotes Community Policing as a necessary first step to halt the cycle of community decay caused by drug use and trafficking and the violence it spawns.
- o It supports efforts to reduce ready availability of the guns that play a significant role in drug-related violence. It supports the Brady Bill and proposes to do more by enacting a ban on all domestic assault weapons.
- o It views alcohol use, especially underage drinking, as part of the overall drug problem and focuses drug prevention on high-risk populations to deter first-time drug use.
- o It recognizes that drug policy must be an integral part of our overseas foreign policy and pursued on a broad front of institution building, dismantling organizations, and source-country interdiction.

The Four Tracks to Successful Implementation

The Interim Strategy proceeds on four basic tracks. The first track is to *concentrate on demand reduction efforts*. This requires that we mount an aggressive drug treatment strategy, with heavy or addicted drug use as our primary focus. By increasing treatment capacity so that those who need treatment can receive it, the Interim Strategy seeks to promote drug treatment programs that are shown to work. It also seeks to link habilitation, social, and vocational services to drug treatment, to ensure that heavy drug users receive the support and learn the skills they need to prevent relapse and recidivism. Finally, health care reform will provide direct substance abuse treatment benefits for inpatient and residential treatment, intensive non-residential treatment, outpatient treatment, and follow-up services. However, until it is enacted, we must not relax our efforts to expand treatment capacity and provide more comprehensive treatment services for those who are in need.

The second track is to *reduce drug-related violence, and control and prevent crime*. This requires we pursue a comprehensive approach to criminal violence, involving law enforcement, educators, substance abuse treatment specialists, and religious and community leaders. Emphasis will be on community policing efforts to involve police officers working with community residents to help resurrect and maintain neighborhoods and lay the foundation for constructive involvement by government, the private sector, and neighborhood residents. And to help curb school violence, we will also seek to address the impact of drugs and violence on our youth. We will teach our school children the skills needed for the positive resolution of conflict, and balance the need for swift, appropriate punishment with the need to set every young person on the right track to productive living. We will push hard to take guns out of the hands of criminals and children.

The third track is to *streamline government and empower communities*. This requires that we seek ways to make communities more active in combating drug trafficking and use, focus Federal efforts to eliminate duplication and waste by government agencies, and review the appropriate roles of Federal, State and local governments in controlling drugs. We will review existing interdiction organizations, resources, and methods; aggressively pursue improvements to our intelligence systems; improve our data collection and research efforts to help Federal, State and local, as well as private organizations obtain the best and most up-to-date information possible about the drug problem; establish performance standards for drug treatment providers; and seek to empower communities to resist drug trafficking and use and repair the damage it has done.

The fourth track is to *provide international leadership and support for international drug control actions*. We will support counternarcotics programs in those source countries that demonstrate the political will to stand against the drug trade, focusing on those programs that work and eliminating those that do not. We will emphasize assistance to international and regional institutions that conduct or support counternarcotics programs. The Interim Strategy calls for a controlled shift of emphasis away from the transit zones to the source countries, focusing on programs to achieve democratic institution-building, dismantle organizations, and interdict drugs.

Conclusion

This Administration is committed to reducing the demand for drugs through comprehensive and aggressive prevention and treatment initiatives, with particular emphasis on heavy drug use and addiction and on seriously at-risk populations. On the supply side, the Interim Strategy calls for a shift in emphasis from the transit zone to source countries to attack the production of drugs and suppress the traffic in drugs aimed at the United States. What is now required is a sufficient resource commitment to fund these priorities and begin a credible program effort.

II. FY 1995 DRUG CONTROL FUNDING PRIORITIES

Overview

The Interim Strategy charts a new, more realistic course that will reinvigorate our efforts to prevent drug use before it starts, extends a hand to those who have started, punish those who profit from the misery and tragedy that flows from drug trafficking, and work with those countries, especially the major source and transit countries, that demonstrate the political will and program commitment to combat the drug trade. This proposal presents the funding plan necessary to implement the most critical elements of the Interim Strategy.

The successful implementation of the Interim Strategy requires a budget that places increased emphasis on demand reduction programs, source country programs, and local law enforcement (Community Policing). This means that some programs that received priority in the past will not receive priority in this Strategy.

Some of the required resources can be reallocated from existing, lower priority programs. For example, the controlled shift in interdiction from a focus on transit zones to one on source countries will result in some reductions in transit zone program funding. In other areas, Administration-supported action on the FY 1994 budget promises to fund key priorities in the Interim Strategy that will carry over into the FY 1995 budget. For example, the Crime Bill will likely result in funding for more *cops on the street*, assuming that such priorities will be funded in FY 1995. However, in other key Interim Strategy program areas, resource enhancements must be provided if critical services are to be provided.

Implementation of the National Performance Review and new program initiatives such as Community Empowerment and National Service program promises to implement key Interim Strategy priorities for Streamlining Government and Empowering Communities. No new initiatives above and beyond what is already covered by these efforts are proposed for FY 1995 in these areas.

There are certain program areas identified in the Interim Strategy that must be funded if the Strategy is to succeed. In some instances, these are top priority Interim Strategy priorities that are not currently funded by other ongoing Federal efforts. In other areas, the existing resource level is inadequate to provide a meaningful, credible effort. This budget proposal identifies \$988 million for three major initiatives, which are requested over the FY 1994 enacted levels:

- A. **Treatment Infrastructure and Service Expansion (\$715 million):** This initiative will provide new funds for expanded capacity to target the treatment needs of hard-core drug users, both inside and outside the criminal justice system, principally for long-term residential treatment. A total of \$500 million is proposed for targeted treatment services expansion for those outside the criminal justice system, \$150 million for treatment and monitoring targeted at those already within the criminal justice system, \$15 million for offender management programs, \$35 million for vocational and educational services, and \$15 million for training to provide more staff to treat this population. This initiative will add nearly 51,000 new treatment slots

through capacity expansion, and will provide resources so that 126,000 additional persons can receive treatment.

- B. **Youth Crime, Violence, and Prevention (\$200 million):** Drug use fuels much of America's problem with crime and violence. This initiative provides an additional \$180 million for the Safe and Drug-Free Schools and Communities Program. This new reauthorization proposal takes a comprehensive, integrated approach to drugs and violence prevention by recognizing the relationships between drug use and violent behavior. Additionally, \$20 million is targeted for a new teenage drinking prevention program component to be carried out jointly by the Center for Substance Abuse Prevention, the Department of Education, and the Department of Transportation. This Youth Crime, Violence, and Prevention initiative ensures that our children will be able to attend school free of crime and violence, and gives them the tools to resist the temptation to use alcohol and other drugs.
- C. **Source Country Counterdrug Enhancement (\$73 million):** The Interim Strategy calls for a controlled shift of emphasis from the transit zones to the source countries, focusing on democratic institution-building, dismantling drug trafficking organizations, and interdiction closer to the source of production. The recently signed Presidential Decision Directive signals the President's disapproval over the Congressional reductions to source country programs to levels below the FY 1994 request and directs OMB and ONDCP to minimize the effects of these cuts. This initiative proposes increase the FY 1994 request level for the Bureau of INM by \$25 million. This requires that \$48 million be added to the FY 1994 enacted level plus an additional \$25 million for new Andean program efforts.

When fully implemented, these initiatives will have a tremendous impact on the most difficult aspect of the drug problem, hard-core drug use and its damaging consequences. By taking action now, the Administration can achieve its goal of reducing drug use and drug-related crime and violence.

Each of these initiatives is discussed below.

A. TREATMENT INFRASTRUCTURE AND SERVICE EXPANSION

This Administration will make it a priority to add to our Nation's capacity so that those who need treatment can receive it.

Unless we can increase treatment capacity, the physical and psychological debilitation often caused by substance abuse and a drug-using lifestyle will overwhelm our health care system. . . .

Treatment must be made available to those who need and want it. . . . We must begin to focus more directly on ways to reduce the population of heavy users. . . . Habilitation and social services must be linked with treatment services, both during and after treatment.

The Interim Strategy.

The Interim Strategy identified the hard-core drug user as the principal challenge for drug policy. Hard-core drug use has not been reduced by past anti-drug efforts, especially in our inner cities and among the disadvantaged, and recent hospital emergency-room data suggest that problems resulting from heroin and cocaine use are on the rise. According to the statistics from the Drug Abuse Warning Network (DAWN), cocaine and heroin medical emergencies reached 119,800 and 48,000 in 1992, respectively, the highest levels since data from this survey were first reported. Further, we continue to see high levels of drug use among the arrestee population, with cocaine being the most commonly abused drug.

Hard-core users fuel the overall demand for drugs and are the most difficult and intractable aspect of the drug problem. For example, one study conducted by RAND for ONDCP found that although heavy users constitute only about 20 percent of all cocaine users, they account for roughly two-thirds of total cocaine consumption.

Hard-core drug use appears to fuel the continued high level of crime in our inner cities. Decades of research has established that drug users are much more criminally active during periods of heavy use. One study, for example, found that 573 substance abusers in Miami were responsible for nearly 14,000 serious crimes and over 50,000 additional, petty criminal acts in one year. Drug users themselves report greater involvement in crime and are more likely to have criminal records than non-drug users. Jail and prison inmates report very high rates of drug use, with more than 25 percent reporting they were under the influence at the time they committed the offense that led to their incarceration.

As drug use increases, so does the number of crimes a person commits. According to a draft study prepared by HHS for ONDCP on the procurement habits of hard-core drug users, half of the hard-core users surveyed in the study reported having used illegal income to procure drugs, mostly from property crime and drug-related activities.

The relationship of drugs to violence is well established by empirical work. Paul Goldstein, for example, conducted studies of the drug market on the lower east side of New York City and found that about one-half of all violence was drug and alcohol related. This violence was attributable to the effects of using drugs or to factors internal to the drug trade (e.g.,

fights between rival dealers). Goldstein finds little evidence that drug-related violence is economic related; that is, drug users do not generally commit violent or predatory acts to obtain money for drugs. In fact, his work supports the HHS procurement study finding that drug users core commonly commit property crime to obtain income to support their habits.

Hard-core drug use and HIV/AIDS are highly related. Injecting users and their sexual partners account for nearly one third of reported AIDS cases and, in cities where the rate of HIV seropositivity is high, women trading sex for crack has also been identified as a growing source of HIV/AIDS transmission.

It is for these reasons that the Interim Strategy makes the reduction of drug use by hard-core users its number one priority. To the extent we are able to place hard-core users into treatment, we can expect drug-related crime to be reduced immediately during the course of treatment and (with the provision of follow-up supervision and support) for an extended period of time afterward. To do otherwise would sentence our inner cities to more crime. The proposed \$715 million initiative contains the following elements:

- o Targeted Treatment Services Expansion (\$500 million): to provide funds so that 62,000 additional hard-core users outside the criminal justice system can receive long-term treatment, with emphasis on residential treatment. The Capacity Expansion Program would be repealed and replaced by this new program to be administered by the Center for Substance Abuse Treatment (HHS).
- o Criminal Justice Targeted Treatment (\$150 million): to expand prison-based treatment and transitional services programs so that 64,300 additional addicts can receive treatment. This program would be administered by CSAT in coordination with the Department of Justice.
- o Offender Management Programs (\$15 million): to ensure public safety and foster treatment effectiveness by providing essential assessment, monitoring, and supervision of offenders in community treatment and in transition from institutional treatment to the community. We envision funding or enhancing TASC or TASC-like programs in areas where heavy drug users are concentrated, under a program administered by DOJ in coordination with CSAT.
- o Vocational and Educational Services (\$35 million): to provide habilitation and rehabilitation services to addicts to enhance their long-term employability. This program would be administered by CSAT in collaboration with the Department of Labor.
- o Treatment Staff Training (\$15 million): to train more staff to cope with the increased demand for substance abuse treatment services. This program would be administered by CSAT.

Together, these components of the Treatment Infrastructure and Service Expansion Initiative will provide a focused effort to address hard-core substance abuse. Resources will be

allocated directly to communities, most likely urban areas, with disproportionately high rates of substance abuse, and will link to Empowerment Zones where appropriate.

The Substance Abuse Block Grant provides general funding nationwide to support substance abuse treatment, but does not target high treatment need areas. We are assuming level funding for this program in FY 1995.

Expected Outcome: This initiative will add nearly 51,000 more treatment slots to treat and provide related supervision and support 126,000 more persons. Given its targeted focus, it will have a tremendous impact on the drug problem and related violence that has devastated our urban areas.

B. YOUTH CRIME, VIOLENCE, AND PREVENTION

Our drug prevention programs must send a strong "no use" message and educate individuals about the risks and dangers of illegal drug and alcohol use. . . .

Violence against students and teachers in our Nation's schools has now reached epidemic proportions. If any place in our community is gun-free and drug-free, it must be our schools.

The Interim Strategy.

Drug use is behind much of America's problem with crime and violence. The proposed Safe and Drug-Free Schools and Communities Program will extend the current school-based prevention programs to include activities to prevent violence and drug use by youth. The Interim Strategy highlights the need that our children be taught skills for the positive resolution of conflict. However, for those who somehow do not get the message that drug use and violence will not be tolerated, the Strategy provides for swift and appropriate punishment

In general, we have seen tremendous progress in reducing drug use by our youths. The University of Michigan's High School Senior Survey has registered annual declines in drug use by seniors since the mid-1980s in all major categories of illicit drugs. Presumably, prevention efforts have contributed to this progress. However, there is evidence that the prevention message may be becoming stale. The most recent University of Michigan survey reported that drug use--especially cocaine, hallucinogens, and marijuana--is on the rise for eighth graders. More dramatically, fewer eighth graders in 1992 associated great risk of harm with cocaine or crack use than did eighth graders in 1991. These findings do not bode well. We must reinvigorate our existing prevention programs, focusing hard on their currency and relevancy. Otherwise, we stand to lose a new generation of our youth to drug abuse.

The seriousness of the drug/violence connection cannot be understated. The National Crime Victimization Survey Supplement reports that crimes in schools contribute to fears among students. It reported that 9 percent of students had experienced a victimization while at school. Sixteen percent report that a student attacked or threatened a teacher. Twenty-two percent of public school students are indicated some fear of attack at school (compared to 13 percent for private schools).

A preliminary study done by the Atlanta-based PRIDE organization found a strong link between high levels of marijuana use and violence; the higher the use, the more violent the student. Further, this study found that 45 percent of those who used marijuana 1-7 times a week responded in the positive to the following question: "Have you threatened to harm another student or teacher using a weapon?"

An analysis of prevention programs done by Abt Associates for ONDCP shows that successful programs share three important characteristics: 1) they are comprehensive in approach; 2) they are positive in focus; and 3) they are carefully tailored to a clearly defined target population. To be continuously successful, prevention programs must reflect or

accommodate the changes in the population they target. We must constantly update and expand prevention efforts and better target these efforts to in effect "cap" the pipeline into drug use.

The Director of ONDCP has consistently expressed his support for drug prevention programs. The DFSCA program is a key component of the overall prevention effort. However, Congress has cut the funding for the DFSCA program by nearly \$130 million. Given the threatened increase in drug use among our younger school age population, and the continued crime and violence that plague our schools, it is imperative that funding be provided to increase existing program efforts. Accordingly, to address the problems confronting our youth, this \$200 million initiative contains two elements:

- o Safe and Drug-Free Schools and Communities Program (\$180 million): under the new SDFSC legislative proposal, the scope of the DFSCA program is broadened to include violence and drug prevention strategies. This budget initiative provides an additional \$180 million so that comprehensive, coordinated prevention efforts for drugs, violence, and alcohol can be implemented. This will facilitate the success of Goal 6, "That all schools are free of drugs and violence by the year 2000 and will maintain a disciplined environment conducive to learning."
- o Targeted Teenage Drinking Prevention Program (\$20 million): this provides resources to establish a prevention campaign specifically for alcohol prevention to be carried out by SAMHSA, the Department of Education, and the Department of Transportation. The use of alcohol begins early. According to the High School Senior Survey many eighth graders regularly use alcohol (26 percent); this initiative seeks to reverse this unacceptably high level of use.

Expected Outcome: This initiative ensures our children will be able to attend school free of crime and violence, and gives them the tools to resist the temptation to use drugs and alcohol. This initiative ensures that every student in grades K-12 will have the opportunity to receive drug, violence, and alcohol prevention programs. It is estimated that over 40 million youths are exposed to prevention programs annually; this initiative will provide more comprehensive programs for these youth.

C. SOURCE COUNTRY COUNTERDRUG ENHANCEMENT

To improve our national responses to organized international drug trafficking, there will be a controlled shift of emphasis from the transit zones to the source countries, focusing on democratic institution-building of law enforcement and judicial institutions.

We will concentrate drug control assistance in major producer and transit countries that have demonstrated their political will to reduce drug trafficking. Assistance programs will focus on improving judicial and policy systems, interdiction efforts, and other programs to attack the drug-trafficking infrastructure.

The Interim Strategy.

Our interdiction effort has been successful in forcing traffickers to abandon direct shipments to the United States. It has also forced them to adopt more costly and difficult concealment tactics, shipping, and delivery methods, and dramatically increase production to ensure their supply. Traffickers' most favored transportation method--private aircraft into the Caribbean and Central America--has recently been dramatically reduced indicating another shift away from preferred methods. In the future, we believe the traffickers will be more vulnerable in the source countries to increased host country intelligence-cued law enforcement operations.

In 1992, we and our allies seized an estimated 338 metric tons of cocaine--more than we estimate is consumed by Americans annually. These seizures of cocaine resulted in the loss of billions of dollars in potential profits, making our interdiction effort very painful financially to the traffickers.

Interdiction operations have produced valuable intelligence and exposed operations. Interdiction contributed to about 43,000 drug arrests and detentions in Latin America in 1992. We have also used interdiction operations to train host nation police forces in how to plan, coordinate, and execute sophisticated counter-narcotics operations. Consequently, Mexico has taken over full responsibility for planning and executing its interdiction operations, and Colombia has begun planning and executing such operations. Bolivia is starting to plan and execute operations on her own. Peru is the weakest in this area, but its capability to conduct counter-drug operations is growing.

The Interim Strategy calls for a controlled shift of emphasis from the transit zones to the source countries -- in response to the shift in air smuggling by traffickers. A recently signed Presidential Decision Directive (PDD) ensures that certain resources, such as Customs' P-3 assets, be used more intensely to augment interdiction and intelligence in the source countries. Given the reduced threat in the transit zone, there is less need for detection and monitoring operations there; there is also less need for some border control air program efforts, such as helicopter operations.

The PDD also signals the President's dissatisfaction that source country funding was reduced by Congress below the FY 1994 President's Budget request level and directs OMB and ONDCP to minimize the effects of these cuts. Most notable among the cuts to the Andean Program in FY 1994 was the \$48 million cut to the Bureau of International Narcotics Matters

(INM). The Department of State has assigned INM responsibility for developing, implementing, and monitoring U.S. international drug control programs. INM provides bilateral and multilateral assistance in Latin America for numerous activities such as enforcement efforts, training, judicial reform, crop control, prevention and treatment, and interdiction. Additionally, INM supports programs in other parts of the world focused on opium cultivation and heroin production and trafficking. Given the growing threat heroin poses to the U.S., and the President's intent to strengthen our source country effort, funding for source country programs must be restored and enhanced.

The source-country counterdrug enhancement initiative, which totals \$73 million, contains two elements:

- o INM Program Restoration (\$48 million): the PDD directs OMB and ONDCP to partially restore and minimize the effects of these cuts in FY 1994. Implicit in this directive is the full funding and support for this program in FY 1995. This initiative proposes to restore resources in the FY 1995 program to the FY 1994 Presidential request level.
- o INM Program Enhancement (\$25 million): proposes to plus up by \$25 million the FY 1994 request level for the Bureau of INM. This is needed to support the expansion of source country programs over and above the shift in source country interdiction efforts from the transit zone.

By way of background, Congressional cuts to the President's FY 1994 counter-drug budget request -- INM (\$48 million), DoD (\$300 million), Foreign Military Financing (\$36 million), Economic Support Funds (\$71 million) -- will, if not at least partially restored, severely and adversely impact implementation of the President's international strategy as outlined in the Interim Strategy and the PDD. Restoration of \$48 million in INM funds, along with a program enhancement of \$25 million is absolutely essential to allow continuation of priority ongoing programs and permit some very modest enhancement of selected source country programs as required by the PDD.

Expected Outcome: INM resources enable producing and trafficking countries to engage in efforts to reduce the availability of illicit drugs. Such efforts were key to the proven success in reducing drug demand the late 1980's (according to ONDCP's White Paper on the price and purity of cocaine reported source country supply reduction efforts caused domestic U.S. cocaine prices to rise and drug use (as measured by DAWN) to decline). Country-specific results follow:

Colombia: Restoration and enhancement of the INM budget will allow necessary increases in support of expanded Colombian National Police operations throughout Colombia. It will help Colombia to sustain its extensive efforts to locate and arrest Pablo Escobar and to intensify its activities against the Cali cartel.

Colombia also needs the additional funds to continue efforts to gain control over sovereign airspace and to expand its capabilities to conduct night and day "end-game" operations throughout Colombia. Additional funds are also needed to support

Colombian efforts to interdict maritime shipments moving through Colombian ports with greater frequency.

Peru: Restoration and enhancement of the INM's budget will prevent the termination of U.S. law enforcement presence east of the Andes mountains and the termination of a new initiative to form and deploy mobile Peruvian law enforcement teams in Eastern Peru. This initiative, if funded, will reduce by half the cost of conducting interdiction and law enforcement operations east of the Andes. Given DoD's \$300 million budget cut and Congress' refusal to give Peru Foreign Military Financing, additional funding for Peru for this specific area is absolutely essential to implement the President's new strategy.

This is also true for institution building and sustained development in Peru. Additional funding is required to help compensate for a \$21 million or 65% cut in Economic Support Funds for Peru. The monies are needed to support judicial reform, expand demand reduction, and allow selective alternative development.

Bolivia: Bolivia is now going through a transition period in which they are assuming greater responsibility for planning and conducting law enforcement and interdiction operations. Restoration and enhancement of the INM budget will allow this effort to continue and will help make up for a projected cut of \$10 million dollars or 66% in Foreign Military Financing and a \$25 million or 50% cut in Economic Support Funds. Bolivia is now having major successes in attacking trafficker organizations and badly needs additional funding to sustain its police air and river operations.

Bolivian political will is very high under the new government and major new initiatives are underway to attack coca cultivation and expand alternative development in the Chapare growing area. Without additional funding, considerable initiative and infrastructure will be lost both in the Chapare and in drug transit and processing areas to the north.

III. PROGRAM LINKAGES

This Administration will set a new tone in reducing drug use by "reinventing" Federal drug control programs.

The Federal approach must be one that empowers communities. Empowering communities means supporting local efforts that are based on comprehensive, strategic plans and that involve the private sector, build on existing community institutions, and coordinate government efforts across program and jurisdiction lines.

The Interim Strategy.

There is a dire need for better cross-agency coordination with regard to drug programs, as well as more flexibility for communities to allocate resources to best meet their particular situations. This is highlighted in the Interim Strategy and repeatedly mentioned in the Vice President's National Performance Review. There are many programs that are similar, and perhaps even duplicative; however, there has been little direction and coordination of programs among the various drug control Departments and agencies to date.

The Interim Strategy has a new focus to confront the drug crisis. It targets scarce resources to areas of greatest need, as well as the most efficient and effective programs. It commits to reducing drugs and crime in our communities by focusing on targeted treatment, youth prevention, and crime and violence reduction by empowering communities and providing them with the proper tools.

To reduce drug use, as well as the crime and violence plaguing our communities, the Departments and agencies must commit to work together in targeting their scarce resources to those areas with the greatest need. This effort should encompass the Empowerment and Enterprise zones, as well as target other high need areas.

ONDCP, in collaboration with OMB, has held several joint Department/Agency meetings in order to discuss the merits, both political and technical, of grant "consolidation". This consolidation will take a two tier approach. Due to time constraints, the first tier will be proposed for the FY 1995 budget. It will link several cross-agency grant programs to allow for more effective targeting of resources. The second tier will be addressed subsequently this Spring with a view to developing specific proposals for the FY 1996 budget. This effort will involve specific proposals to consolidate existing grant and demonstration programs into larger discretionary grant programs, continuing to build infrastructure in support of the drug Strategy, Health Care reform, Empowerment Zone legislation, and the Crime bill.

FY 1995 Program Linkages

For the FY 1995 Budget request, we are proposing to link several existing drug programs, across-agencies to provide greater flexibility to communities, better use of scarce resources, and allow for the design of programs that work for the targeted population. The linkages will focus on the themes of the Interim Strategy: Targeted Treatment Expansion; Youth Prevention; and; Crime and Violence initiatives. The Department of Labor will be a key player in the "consolidation" because in order to successfully treat users, as well as provide incentives to youth and others to stop the crime and violence, alternatives such as gainful employment must be offered.

The linkage proposal will be included in the February Strategy. Examples of the programs that are likely to be candidates for cross-agency linkages are listed below. ONDCP will continue to work with OMB in coming to resolution on sound, finite, cross-agency proposals.

- o Youth Program Linkages: High risk youth (HHS), Youth Gang (HHS and Justice), National Service, Job Corps (Labor) and Safe and Drug-Free Schools (Education.)
- o Special Treatment Populations Linkages: Pregnant and Postpartum Women (HHS), Crack babies (HHS), Critical Populations (HHS), and Job Training Partnership Act/JTPA (Labor).
- o Community Prevention Linkages: Community Empowerment, Drug Elimination grants (HUD), Community Policing grants (Justice), and Community Partnerships.
- o Early Childhood Program Linkages: Head Start (HHS), Grants for infants and families (Education), Emergency Protection (HHS) and Early childhood education (Education.)

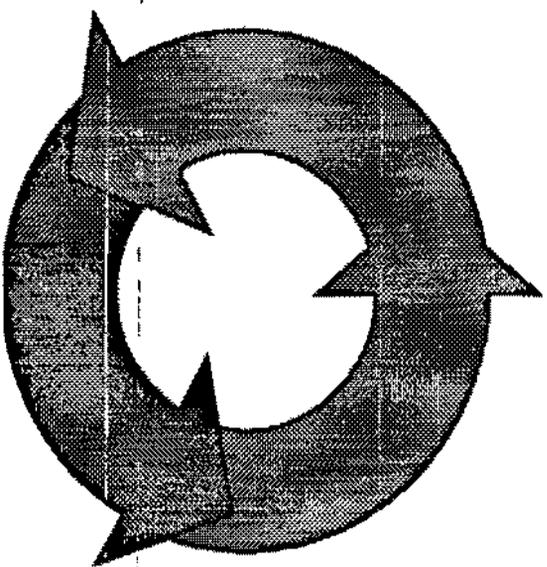
New funding from expiring grants, as well as existing funding would fall under the umbrella of eligible funding to be linked. The programs would be jointly administered by the responsible Departments and agencies by Cooperative Agreements, Memorandum of Understanding, Interagency agreements, and the like. The grants would be targeted to those areas with the need for comprehensive services, and most likely would target those communities that already receive multiple "separate" grants. This would enable the communities to use the majority of the funds to provide services by greatly reducing their administrative burden.

After the linkages have been formed, the next step (Tier II) will be to look at appropriate program that can be consolidated. This broader "consolidation" would merge existing programs, that are very similar, and consolidate them into large discretionary grant programs.

The benefits of such a consolidation are clear: administrative savings; greater flexibility for communities to design solutions; more effective concentration of limited resources; and, programs that work for the target population.

Treating Hard-Core Drug Users

November 18, 1993



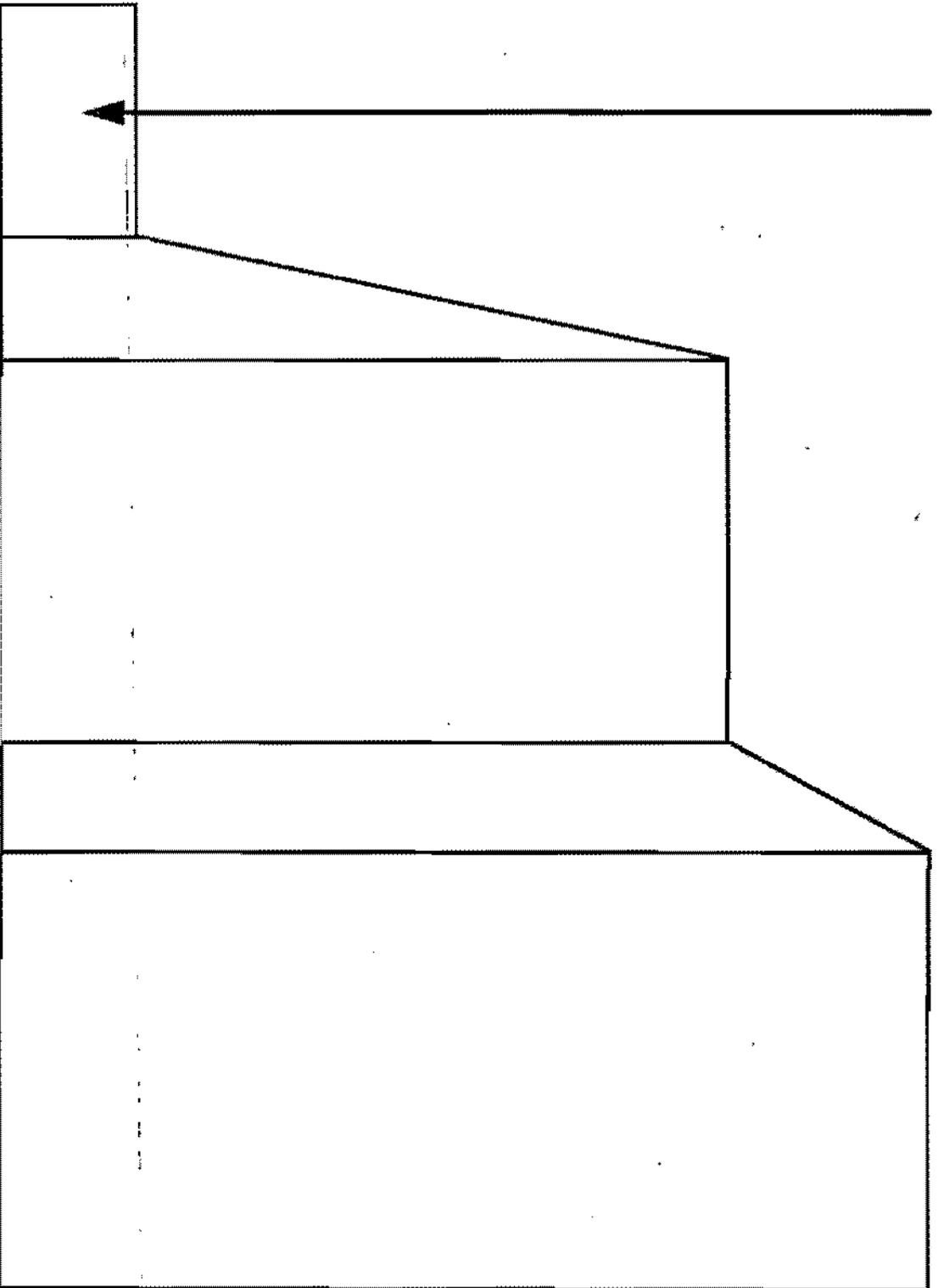
**“...we ought not to be putting
people out of the penitentiary
unless they get drug treatment
when they need it.”**

**-- President Clinton
Olivet Baptist Church
Memphis, TN
November 13, 1993**

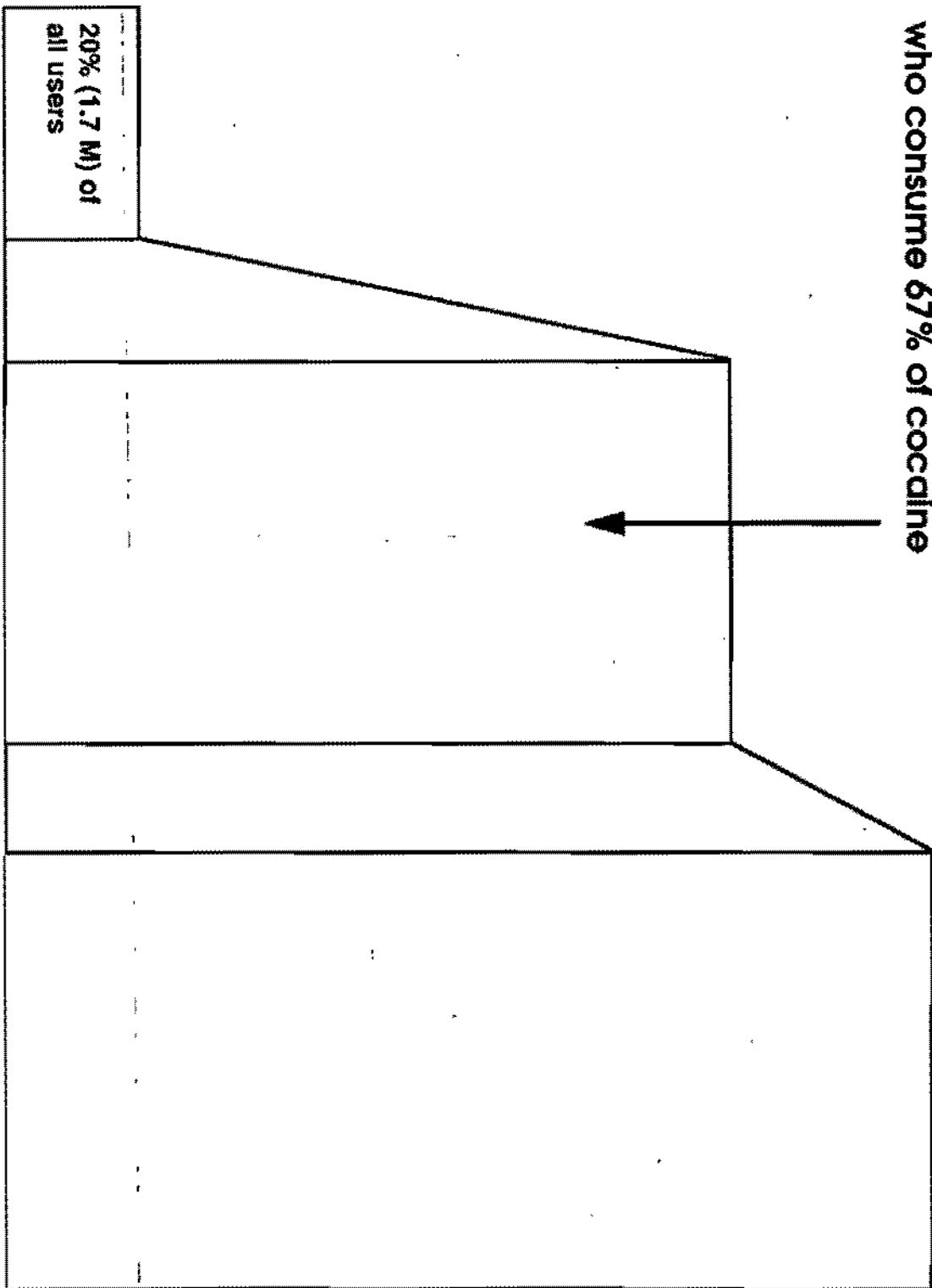
The FY95 Budget Should:

- **Focus on Long-Term, Residential Treatment for Hard-Core Users**
- **Exploit Opportunities to Treat Hard-Core Users in Federal Programs**
- **Move Dollars to Hard-Core Treatment from Lower-Priority Programs within Appropriations Subcommittees**

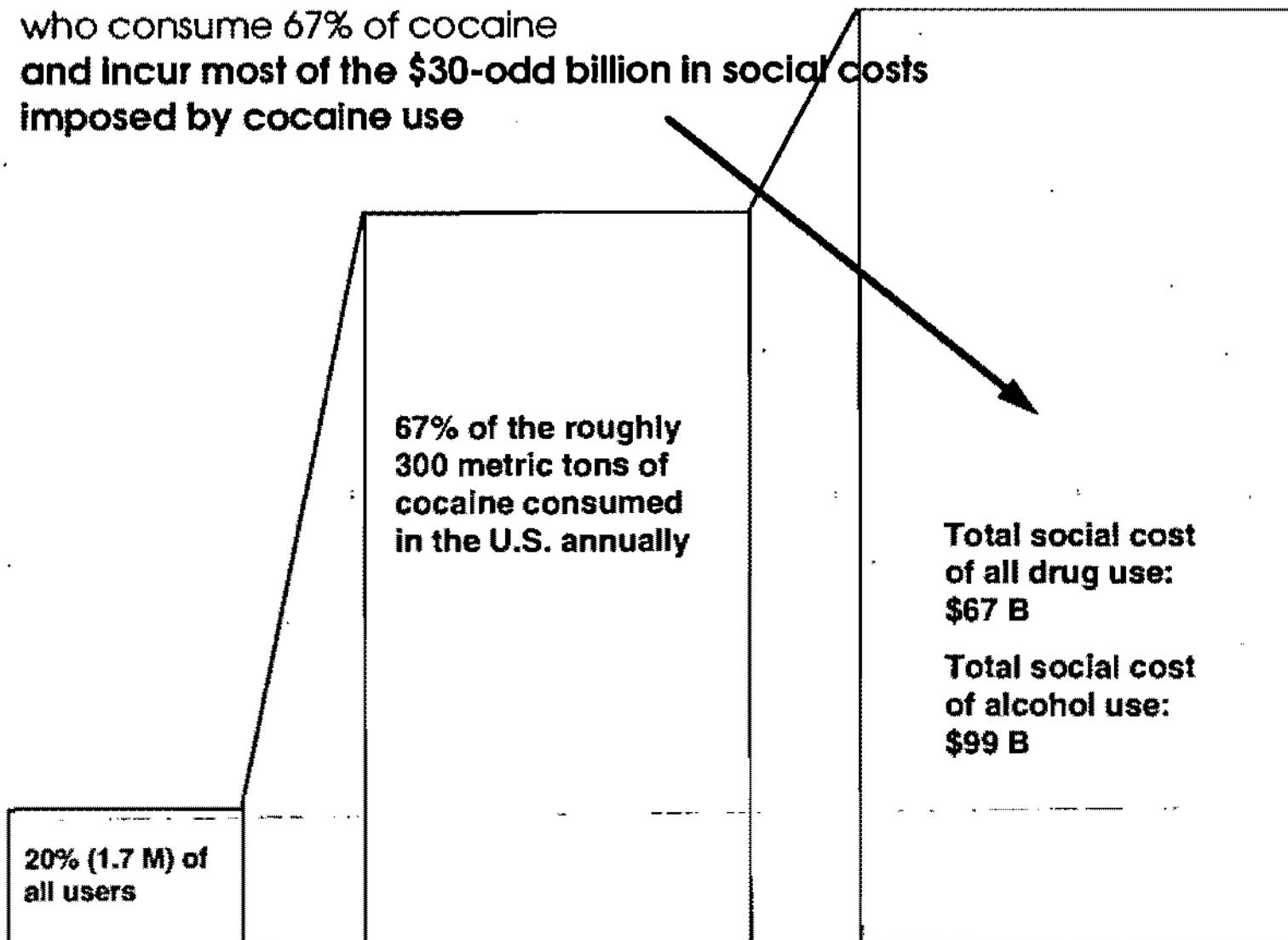
20% of all cocaine users are heavy users



**20% of all cocaine users are heavy users
who consume 67% of cocaine**



20% of all cocaine users are heavy users who consume 67% of cocaine and incur most of the \$30-odd billion in social costs imposed by cocaine use



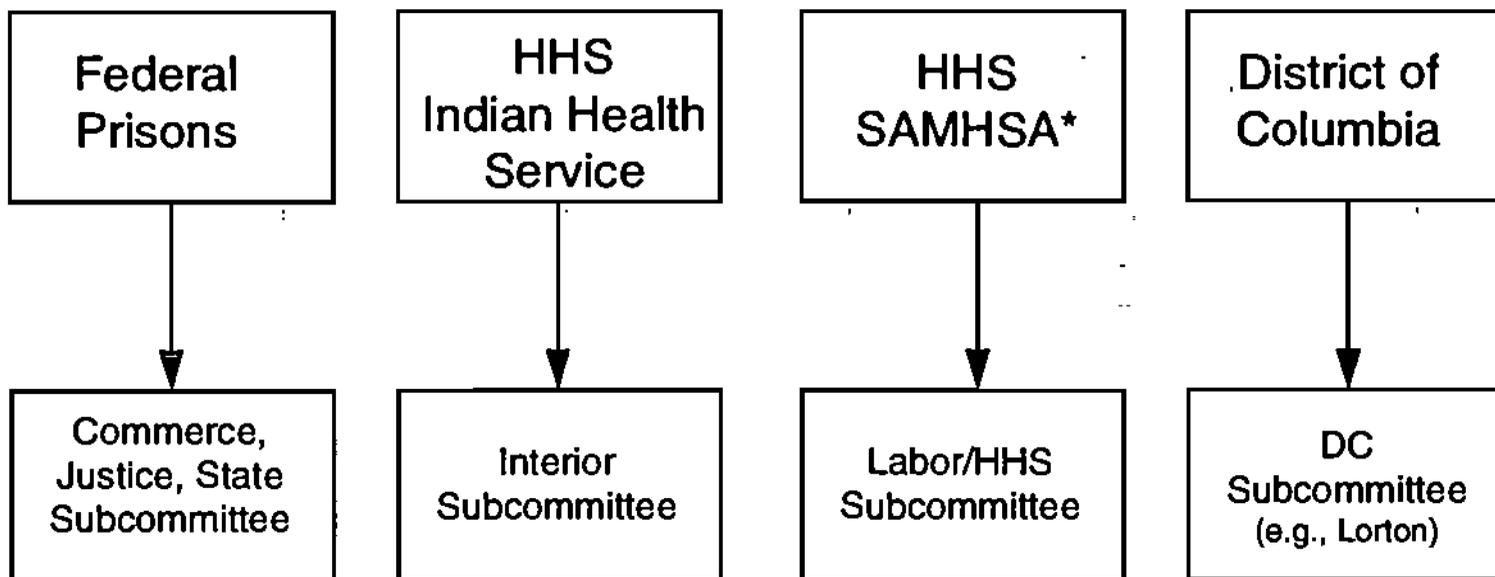
Opportunities (1)

- **RESOURCES -- Now, we now pay to house and feed MANY hard-core addicts, and the marginal cost of adding drug treatment is small (\$2-5K per person)**
- **AUTHORITY -- We already have authority to treat Federal prisoners**
- **Let's upgrade \$20,000-prison beds into \$25,000-long-term-treatment beds and reduce hard-core drug use!!**

Opportunities (2)

- **RESOURCES -- We spend Federal health dollars on hard-core users in VA and the Indian Health Service**
- **Let's give long-term treatment to all hard-core users who come into contact with Federal systems of care!!**

Move Dollars to Treatment within Appropriations Subcommittees



*Substance Abuse and Mental Health Services Administration

More “Bang for the Buck” in Moving \$\$ From Supply to Demand

- **Another 5 Percentage Points for Demand =**
 - \$600 million moved from supply to demand in a zero-sum world
 - \$1 billion added to demand activities in a positive-sum world
- **Attributing non-drug dollars to drug treatment makes it even harder to move the 70/30 split**

Recommendations

- **Treat hard-core users in prisons**
 - Turn \$20,000-prison beds into \$25,000-treatment beds
 - Long-term residential care in prison and aftercare upon release
 - Contract out for treatment services with successful program operators
 - Implement in Federal and State prisons

Recommendations

- **Revise Substance Abuse Block Grant**
 - Focus on long-term, residential treatment for hard-core users
 - Require States to meet guidelines on length of treatment, since length of stay is the most important determinant of success for hard-core users
 - Require States to provide data on who receives treatment, in what settings, and with what outcomes

Recommendations

- **Survey hard-core users -- who are they? how many are treated annually? in what kind of treatment? with what outcomes?**
- **Ask HHS to define successful treatment outcomes**
- **Tighten definitions for Federal drug control activities to only those programs that represent drug policy**

DIRECTOR'S REVIEW

FISCAL YEAR 1995 BUDGET

Federal Drug Control Programs

CROSSCUT

SUMMARY OF STAFF ANALYSIS

Principal Findings:

- **Drug Use Is Estimated To Cost Society Over \$67 Billion Each Year**
- **Effective Treatment Programs Return More In Savings Than Their Costs [No Consensus]**
- **Some Jail-Based Treatment Programs Can Be Effective In Reducing Costs of Incarceration, Re-Arrest Rates, and Recidivism.**
- **Recidivism Rates Can Drop Dramatically With Optimal Treatment [Minimum of 90 Days With Follow On Care].**
- **Some Prevention Programs Have Worked For "Easy-To-Reach" Populations, But Have Been Far Less Effective Addressing Hard Core, Urban, and Minority Drug Use**
- **Drug Intelligence Efforts Have Saved Interdiction Dollars Through Better Targeting and Tracking**
- **Interdiction Efforts Have Gradually Increased The Percentage of Cocaine Production Seized, But Still Over 60% of Production Is Not Seized**
- **Anecdotal Information Suggests That Community Based Efforts Are More Effective Than Traditional Policing**

STAFF RECOMMENDATIONS

A fiscal strategy could be adopted which accomodates deficit reduction and puts additional resources where they can have the greatest impact upon reducing drug abuse in the United States.

Consider Shifting Resources To Demand Reduction Programs.

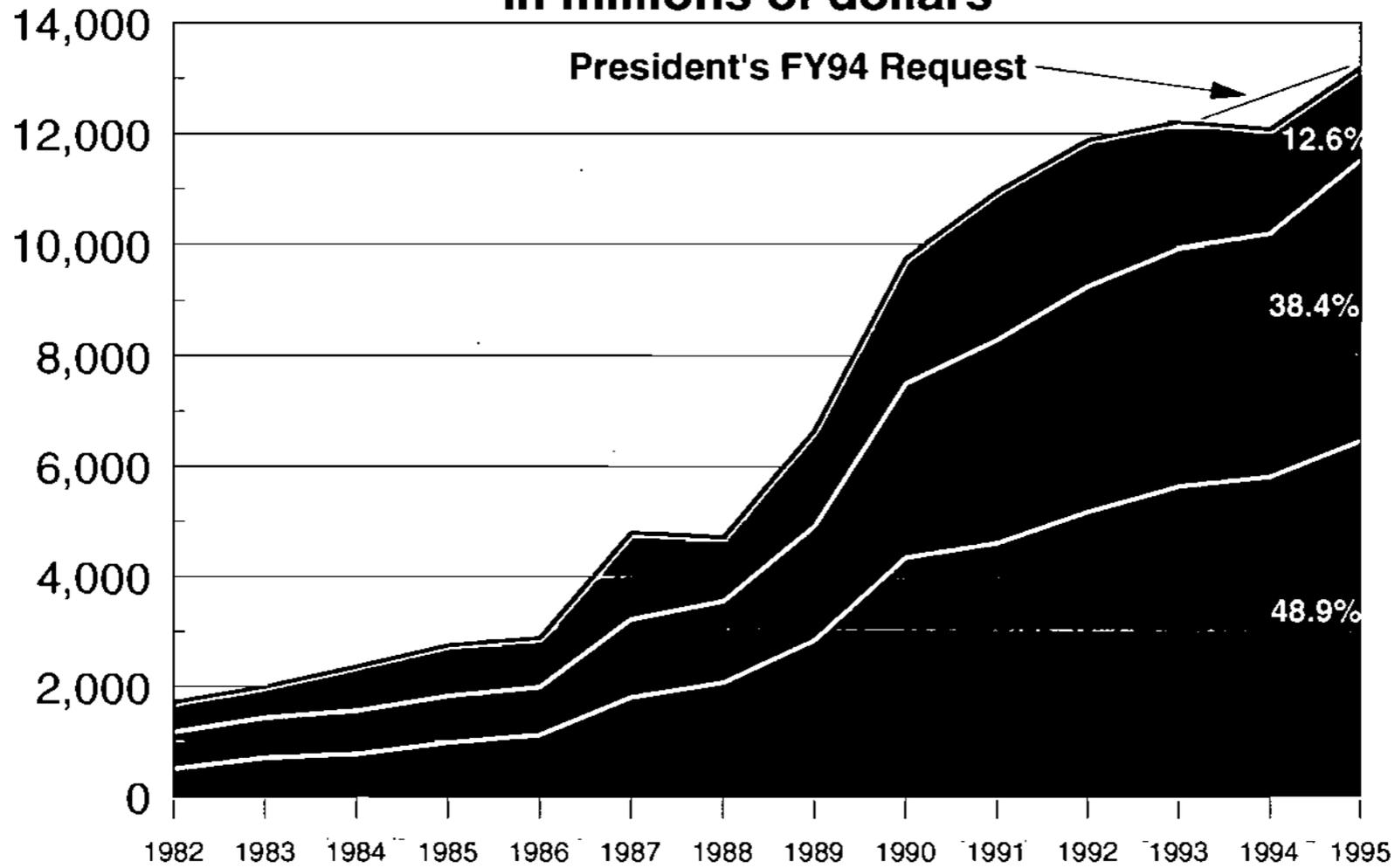
- Emphasize Programs That Save More Than They Cost
- Increase Funding For Drug Treatment
- Reallocate and Marginally Increase Prevention Programs
- Sustain Funding For Treatment Research
- Increase Funding For Jail Based Treatment Programs
- Fund Grants To Replicate Proven Demonstration Programs

Consider Making Reductions in Supply Reduction Programs.

- Trim Back Some DoD Operational Funding
- Reduce State's Foreign Operations
- Reduce Law Enforcement Funding For Low Pay Off and Slow Spending Programs
- Reallocate Portions of Law Enforcement Grants To Jail and Prison Based Treatment and Prevention Programs
- Scale Back DOJ Foreign Operations
- Reduce Interdiction Funding by Cutting Air Asset Procurement
- Reduce Seized Asset Sharing With State and Locals

FEDERAL DRUG CONTROL FUNDING

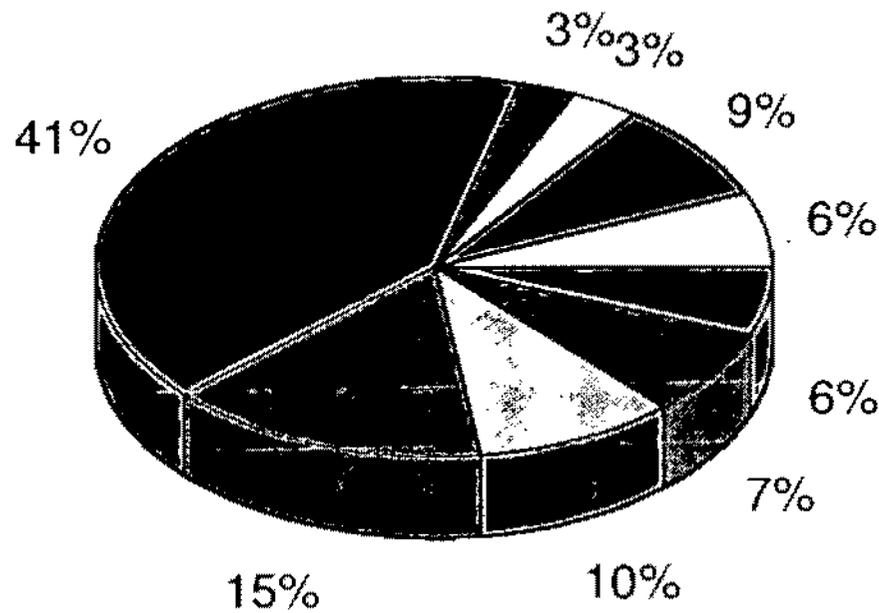
In millions of dollars



Dom. Law Enforcement
 Demand Reduction
 Int. Interdiction

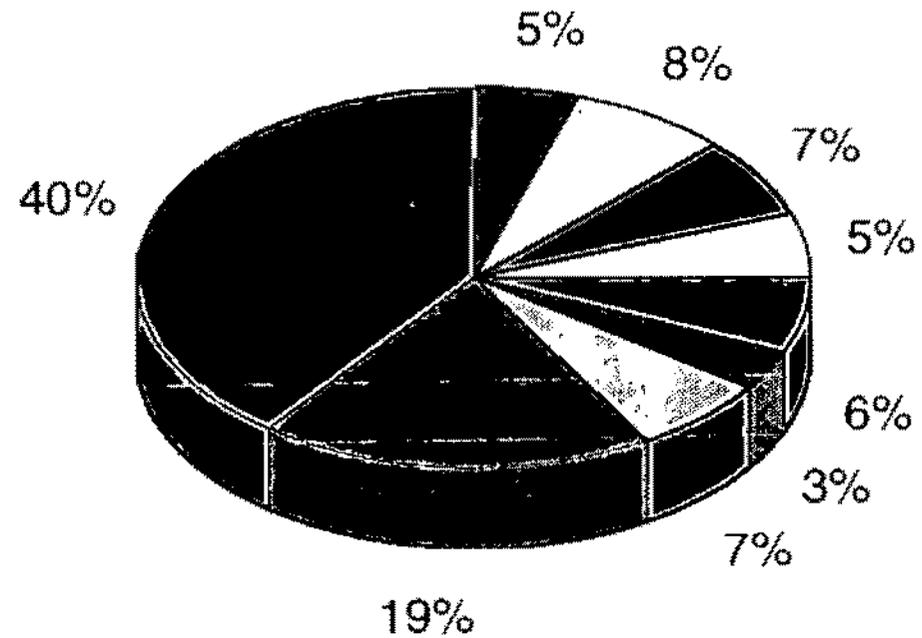
Federal Drug Control Funding

FY 1990 Actual



Total = \$9,338

FY 1995 PAD MARK

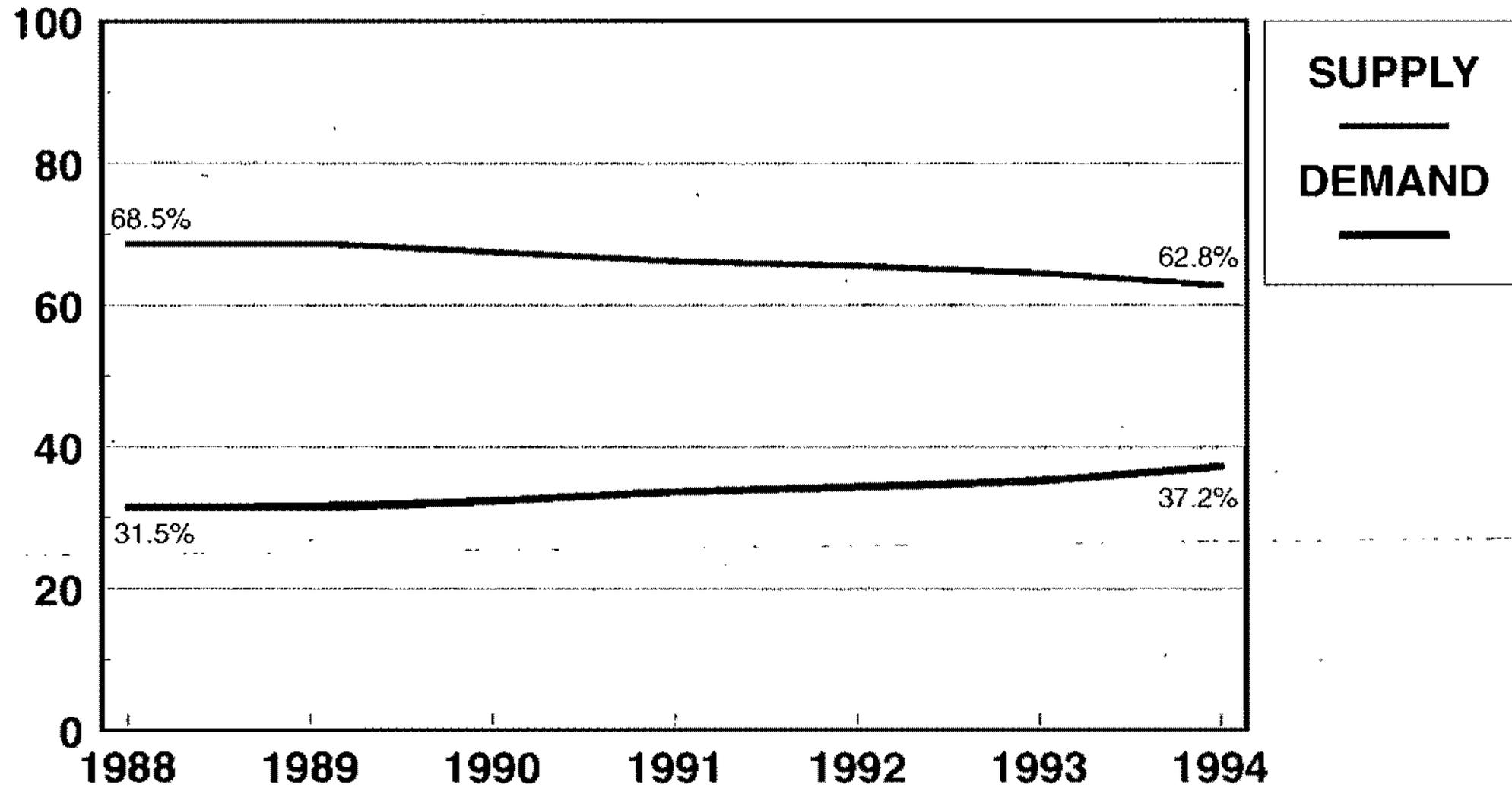


Total = \$13,180



Historical Supply/Demand Ratios 1988-1994

Percent



FEDERAL DRUG CONTROL FUNDING
Agency Summary
(\$ Millions)

	FY 1993	FY 1994	FY 1995			Decision
	Enacted	Enacted	Agency Request /2	Agency Submission To Ceiling	PAD Rec'md Mark	
Action	10	10	10	10	10	
Agency for International Development /1	140	42	132	n/a	n/a	
Department of Agriculture						
Agricultural Research Service	6	6	7	7	7	
U.S. Forest Service	10	10	11	10	10	
Total, Agriculture	16	16	17	16	16	
Department of Defense	1,141	868	1,009	1,009	868	
Department of Education	700	580	684	684	678	+ 81
Dept. of Health and Human Services						
Administration for Children and Families	116	90	89	89	89	
Substance Abuse and Mental Health Administration	1,299	1,367	1,300	1,256	1,404	+ 480
National Institutes of Health	404	425	442	439	438	
Social Security Administration	5	20	23	23	23	
Centers for Disease Control	31	37	37	37	37	
Food and Drug Administration	7	7	7	7	7	
Health Care Financing Administration	232	262	292	292	292	
Indian Health Service	45	43	41	41	51	
Health Resources & Services Administration	21	33	36	36	36	
Total, HHS	2,159	2,283	2,267	2,220	2,377	
Dept. of Housing and Urban Dev.	175	265	300	325	265	

Description of Major Funding Issues

- o NO PAD DECISION YET
Provides For Economic Assistance and Development in Andes
- o PAD: Tentatively Freezes Estimate At FY 1994 Enacted
- o PAD: Adds (+ \$99M) For Safe and Drug Free Schools
- o ONDCP Over PAD: Adds (+ \$81M) For Safe & Drug Free Schools
- o PAD: Adds (+ \$100M) To Treat 20,000 Incarcerated Users Or 5,000 Non-Incarcerated Users; Reallocates (-\$60M) From Other SAMHSA Programs (Uses Conservative Estimates)
- o ONDCP Over PAD: Net Increase of \$480M
 - Adds (+ \$460M) Resid'l Treatm't For 62,000 Hard Core Addicts
 - Adds (+ \$20M) Teenage Drinking Prevention
 - Adds (+ \$150M) To Treat 64,000 Prison Inmates
 - Adds (+ \$35M) Vocational/Educational Programs For Prisoners
 - Adds (+ \$15M) Prison Staff Drug Counseling Training
 - DOJ "Drug Court" Grants Would Offset The Last 3 Items By \$200M
- o PAD: Reflects Growth (+ \$30M) In MEDICAID/CARE Actuarial Est.
- o PAD: Increase (+ \$10M) Long-Term Treatment of Hard-Core Users Among Native Americans

FEDERAL DRUG CONTROL FUNDING

Agency Summary

(* Millions)

	FY 1993	FY 1994	FY 1995			Decision
	Enacted	Enacted	Agency Request /2	Agency Submission To Ceiling	PAD Rec'd Mark	
Department of the Interior						
Bureau of Indian Affairs	24	22	23	22	22	
Bureau of Land Management	10	5	5	5	5	
Fish & Wildlife Service	1	1	1	1	1	
National Park Service	9	9	9	9	9	
Office of Territorial and International Affairs	1	1	1	1	1	
Total, Interior	46	38	40	38	38	
The Judiciary	407	526	605	605	605	
Department of Justice						
Assets Forfeiture Fund	498	462	487	479	487	
U.S. Attorneys	207	208	209	220	220	
Bureau of Prisons	1,334	1,408	1,839	1,641	1,581	+ 2
Criminal Division	19	19	19	21	21	
Drug Enforcement Administration	756	764	764	746	750	
Federal Bureau of Investigation	252	246	327	328	320	
Immigration and Naturalization Service	146	153	180	160	165	
Interpol	2	2	2	2	2	
U.S. Marshals Service	234	235	264	264	264	
Office of Justice Programs	541	540	442	246	303	
Organized Crime Drug Enforcement	385	382	374	372	372	
Support of U.S. Prisoners	191	222	279	267	267	
Tax Division	1	1	3	1	1	
Weed and Seed Program Fund	7	7	7	7	7	
Community Policing (100,000 Cops)		0	194	215	216	
Crime Bill Trust Fund Spending Components:						
Community Policing (100,000 Cops)					356	
Drug Courts Grants					200	
Bootcamps Grants					98	
Southwest Border Enforcement (INS)					15	
Total, Justice	4,575	4,648	5,388	4,968	5,644	
Department of Labor	71	71	73	71	71	

Description of Major Funding Issues

o Judiciary Staff Estimate Only

o PAD: Increase In Mandatory Program Only

o PAD: Reflects Increase (+ \$173M) To Activate New Prison and Detention Facilities; Includes (+ \$13M) For Contract Offender Management

o ONDCP: Adds (+ \$2M) Over PAD For Offender Management Programs

o PAD: Reduces AUO (-\$14M) Pay

o PAD: Increase (+ \$74M) For Expanded Organized Crime Activities; Laboratory and Technology Support

o PAD: Zeros Out Byrne Formula Grants (-\$358M) In Light Of New Crime Bill Grant Programs

o PAD: Original Senate Authorization of \$650M For 100,000 Cops

o PAD: Provides For Remaining Authorization, After Bill Was Amended, For 100,000 Cops

o PAD: Grants For State/Local Residential Drug Treatment, Testing, & Staff Trainin

PAD: Meets Presidential Commitment To Support Bootcamps

o PAD: Part of Likely Presidential INS Initiative

FEDERAL DRUG CONTROL FUNDING

Agency Summary

(# Millions)

	FY 1993	FY 1994	FY 1995				
	Enacted	Enacted	Agency Request /2	Agency Submission To Ceiling	PAD Rec'md Mark	ONDCP Increase Over PAD	Decision
Off. of National Drug Control Policy							
Operations	18	12	n/a	n/a	n/a		
High Intensity Drug Trafficking Areas	86	86	n/a	n/a	n/a		
Special Forfeiture Fund	15	13	n/a	n/a	n/a		
Total ONDCP	119	110	n/a	n/a	n/a		
Small Business Administration	0	0	0	0	0		
Department of State							
Bureau of International Narcotics Matters /1	148	100	149	n/a	n/a	+ 73	
Bureau of Politico/Military Affairs /1 Emer. in the Dip. and Consular Service /1	52 0	13 0	43 0	n/a n/a	n/a 0		
Total, State	200	114	192	n/a	0		
Department of Transportation							
U.S. Coast Guard	420	417	403	403	403		
Federal Aviation Administration	22	25	17	17	17		
National Highway Traffic Safety Admin.	8	8	6	6	6		
Total, Transportation	450	450	425	425	425		
Department of the Treasury							
Bureau of Alcohol, Tobacco, and Firearms	152	148	149	149	127		
U.S. Customs Service	572	518	545	545	317		
Federal Law Enforcement Training Center	22	21	21	n/a	18		
Financial Crimes Enforcement Network	17	15	15	n/a	13		
Internal Revenue Service	115	113	113	n/a	113		
U.S. Secret Service	54	57	58	n/a	59		
Treasury Forfeiture Fund	192	228	228	n/a	179		
Total, Treasury	1,125	1,100	1,128	n/a	826		

Description of Major Funding Issues

o NO BUDGET REQUEST YET SUBMITTED TO OMB

o NO PAD DECISION YET

Funds Host Country Law Enforcement Activities and Narco-Terrorist Rewards

o ONDCP: Restores Funds (+ \$48M) Cut By Congress in FY 94 Adds (+ \$25M) For New Andean Program Effort

Amount Shown Assumes Change From FY 1994 Enacted Level Insofar As There is No PAD Recommendation

o PAD: Reduces (-\$22M) Overall Agency Funding

o PAD: Eliminates Marine Program (-\$50M) By Transferring Assets To Coast Guard; Eliminates (Non-P3) Air Program (-\$150M) Retains 4 P-3 Aircraft and Transfers 4 P-3s To DEA

FEDERAL DRUG CONTROL FUNDING
Agency Summary
(\$ Millions)

	FY 1993	FY 1994	FY 1995				
	Enacted	Enacted	Agency Request /2	Agency Submission To Ceiling	PAD Rec'md Mark	ONDCP Increase Over PAD	Decision
U.S. Information Agency	10	10	10	n/a	10		
Department of Veterans Affairs	903	940	983	955	955		
Estimates of Amounts Not Provided			148	1,529	391		
ONDCP Recommended Change To PAD Recommendation Levels			--	--	--	+ 636	
Total Federal Program	12,245	12,071	13,410	12,855	13,181	13,817	
Total Supply Programs	\$ 7,910	7,683	--	--	8,273	8,298	
	% 64.6%	63.7%	--	--	62.8%	60.1%	
Total Demand Programs	\$ 4,306	4,387	--	--	4,908	5,519	
	% 35.2%	36.3%	--	--	37.2%	39.9%	

Description of Major Funding Issues

o Funds Public Diplomacy Activities Relating To Counter-Narcotics Efforts Overseas

o Reflects Flat-lining all 1994 Enacted Estimates Into 1995 Where PAD Recommendations Not Yet Provided

o Net Adds To PAD Mark Requested By ONDCP -- No Offsets Offered
Reflects \$988M In Initiatives Offset By PAD Increases For:
Drug Free Schools (+ \$99M); Drug Treatment (+ \$40M); Offender Management (+ \$13M); and Drug Courts (Crime Trust Fund @ \$200M)

o PAD LEVEL: Increases Supply Programs By + \$590M
ONDCP LEVEL: Increases Supply By + \$615M

o PAD LEVEL: Increases Demand Programs By + \$521M
ONDCP LEVEL: Increases Demand By + \$1,132M

NOTES:
/1 Starting in FY 1995, Activities Funded From This Account Will Be Aggregated Into A Single International Counter-narcotics Fund In The Department of State
/2 In Some Cases Drug Budget Requests Have Been Imputed From Department Budget Total

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FY 1995 BUDGET PREVIEW

November 1993