

GAO

Report to the Chairman, Subcommittee
on Criminal Justice, Drug Policy, and
Human Resources, Committee on
Government Reform
House of Representatives

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DRUG CONTROL

ONDCP Efforts to Manage the National Drug Control Budget



General Government Division

B-281159

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The Honorable John L. Mica
Chairman, Subcommittee on Criminal
Justice, Drug Policy, and Human Resources
Committee on Government Reform
House of Representatives

Dear Mr. Chairman:

The nation's war on drugs represents a considerable investment of resources and dollars—almost \$18 billion is reported in the fiscal year 1999 federal budget for drug control programs. This report responds to the request of former Chairman Hastert that we examine the role of the Office of National Drug Control Policy (ONDCP) in shaping the national drug control budget that the President ultimately proposes to Congress to implement the National Drug Control Strategy. Specifically, this report

- assesses whether the process ONDCP followed to certify federal agencies' drug control budgets for fiscal year 1999 was consistent with statutory requirements, and
- describes the system ONDCP has developed to assess the extent to which drug control agencies and programs achieve intended results.

As we agreed with the Subcommittee, our work focused primarily on ONDCP and four drug control agencies—the Drug Enforcement Administration (DEA), U.S. Customs Service, Substance Abuse and Mental Health Services Administration (SAMHSA), and the Department of Defense (DOD).

Results in Brief

The process ONDCP used to certify fiscal year 1999 drug budgets was generally consistent with the requirements of the Anti-Drug Abuse Act of 1988. ONDCP provided budget guidance to agencies and reviewed some agencies' preliminary budgets in the summer and others in the fall. Based on its budget reviews, ONDCP notified agencies of recommended changes to incorporate into their final budgets that were submitted to the President for approval.

ONDCP reviewed budgets of 14 drug control agencies (about 93 percent of the proposed fiscal year 1999 federal drug budget) specifically for certification to determine whether they were adequate to support the goals and objectives of the National Drug Control Strategy. ONDCP certified all

but the DOD budget. DOD was not certified because DOD and ONDCP could not agree on funding levels for certain drug program initiatives. Later, however, DOD's budget was significantly increased following ONDCP's appeals to the Office of Management and Budget (OMB) and the President. ONDCP continued to monitor development of the national drug control budget during the remaining budget and congressional appropriations process.

To assess the extent to which agencies and programs achieve intended results, ONDCP has initiated a system known as Performance Measures of Effectiveness—a long-term effort designed to assess the effectiveness of the nation's drug control efforts. Although this system represents a blueprint for the first accountability in the area of drug policy, some questions remain about

- the availability of adequate data to measure performance,
- how the system is to interface with the drug budget process, and
- how agencies will link the performance expected of them by the National Strategy with the performance goals they prepare in response to the Government Performance and Results Act.

ONDCP plans to continually monitor the system's operation to ensure that it is fully functional and achieving its designed purpose.

Background

With passage of the Anti-Drug Abuse Act of 1988 (hereinafter referred to as the 1988 Act),¹ Congress created ONDCP to better plan the national drug control effort and assist Congress in overseeing that effort. In this role, ONDCP is, among other things, responsible for overseeing and coordinating the efforts of federal drug control agencies and programs. ONDCP is the President's primary policy office for drug issues, providing advice and governmentwide oversight of drug programs and coordinating development of the President's National Drug Control Strategy.

The 1988 Act, as amended, requires ONDCP to (1) develop a national drug control strategy with short- and long-term objectives and annually revise and issue a new strategy to take into account what has been learned and

¹ ONDCP was created and authorized through January 21, 1994, by the National Narcotics Leadership Act of 1988 (21 U.S.C. 1501 et seq.), in title 1 of the Anti-drug Abuse Act of 1988 (P.L. 100-690). The National Narcotics Leadership Act Amendments, in title IX of the Violent Crime Control and Law Enforcement Act of 1994 (P.L. 103-322), reauthorized ONDCP through fiscal year 1997. These provisions were repealed as of September 30, 1997. Congress approved ONDCP funding for fiscal year 1998 in the Treasury, Postal Service, and General Government Appropriations Act (P.L. 105-61), signed into law on October 10, 1997. ONDCP was reauthorized by the Office of National Drug Control Policy Reauthorization Act of 1998 (title VII of P.L. 105-277), through September 30, 2003.

accomplished during the previous year, (2) develop an annual consolidated drug control budget providing funding estimates for implementing the strategy, and (3) oversee and coordinate implementation of the strategy by federal agencies. As part of its responsibility for developing the annual National Drug Control Strategy, ONDCP is also required to include in the strategy an evaluation of the effectiveness of federal drug control efforts during the previous year. This evaluation is to include assessments of the reduction in drug use, reduction in drug availability, reduction in drug use consequences, and the status of drug treatment.

ONDCP Required to Certify Agency Drug Budgets

In developing the consolidated national drug control budget, the 1988 Act prescribes a budget review and certification process whereby ONDCP (1) receives annual drug budget submissions from each program manager, agency head, and department head with drug control responsibilities and (2) certifies in writing that these budget submissions are adequate to implement the objectives of the National Drug Control Strategy for the budget request year.²

ONDCP requires federal drug control agencies to follow a detailed process in developing their budget proposals.³ Annually, ONDCP is to develop national drug control budget submission requirements that it sends to all federal drug control agencies. These requirements identify specific programs, agencies, and departments that are to submit budgets to ONDCP; dates these budgets are due to be submitted; and specific information required to be included in each submission. In addition, ONDCP is required under the 1988 Act to provide, by July 1 of each year, budget recommendations (in the form of drug program initiatives) to the heads of departments and agencies with drug control responsibilities.

The 1988 Act requires that each program manager, agency head, and department head with drug control responsibilities transmit their drug budget request to ONDCP at the same time such request is submitted to their superiors (and before submission to OMB). The ONDCP Director is then required to review each budget request and certify whether it is adequate to implement the objectives of the National Drug Control

² Development of the drug control budget is not part of the regular federal budget process, and most drug control agencies must prepare a separate ONDCP drug budget submission in addition to their normal annual budget submission.

³ Drug control agencies are defined by the 1988 Act as any department or agency (and all dedicated units within) that has responsibilities under the National Drug Control Strategy, as designated jointly by ONDCP and the department/agency or by the President.

Strategy.⁴ The ONDCP Director must notify each program manager, agency head, and department head regarding its budget certification decisions. For budget requests not certified as adequate, ONDCP must recommend an initiative or funding level that would make the request adequate. The act further requires that department and/or agency heads shall comply with any such ONDCP recommendation prior to submitting their budgets to OMB.

For fiscal year 1999, the national drug control budget, as enacted, totaled about \$17.9 billion.⁵ This was \$816 million more than the amount requested in the President's fiscal year 1999 proposed drug budget and an increase of \$1.9 billion over fiscal year 1998 enacted levels.⁶ About 67 percent of the enacted budget is to fund supply reduction activities (such as drug interdiction), with the remaining 33 percent funding demand reduction activities (such as drug treatment). The Department of Justice (DOJ) received the most departmental drug control funding for fiscal year 1999—about \$7.7 billion—while the three largest agency budgets were for the Bureau of Prisons (\$2.1 billion), SAMHSA (\$1.5 billion), and DEA (\$1.3 billion).

We did our audit work between September 1998 and April 1999 in accordance with generally accepted government auditing standards. A detailed description of our objectives, scope, and methodology is contained in appendix I.

ONDCP's Fiscal Year 1999 Drug Budget Certification Process

ONDCP's process for certifying fiscal year 1999 drug control agency budget submissions was generally consistent with the requirements of the 1988 Act. In some cases, ONDCP was not able to review complete agency budgets prior to making its certification decisions. In those cases, however, ONDCP was able to obtain enough information from department or agency officials to enable ONDCP to make its certification decisions.

For the four agencies we reviewed in detail, the results of the budget certification process were varied. Two agencies—DEA and Customs—responded to ONDCP's summer budget review by submitting fall drug

⁴ The 1988 Act does not identify by name the programs, agencies, and departments that are required to submit drug budgets to ONDCP; nor does the act specify by name which are to be certified. In addition, the act contains no specific date by which budgets must be submitted to ONDCP for certification.

⁵ This budget included emergency supplemental appropriations of about \$844 million.

⁶ We did not attempt to verify the accuracy of the dollar amounts reported for the national drug control budget, the amounts presented by ONDCP in its annual budget reports, or amounts provided by drug control agencies in their budget submissions to ONDCP. All dollar amounts in this report are stated in real terms and are not adjusted for inflation.

budgets that were lower overall than those submitted in the summer. However, ONDCP determined they were still sufficient to be certified as adequate to address the National Strategy. One agency—SAMHSA—submitted a lower fall budget that did not address ONDCP’s summer recommendations, but a budget compromise was later worked out between the agency and ONDCP that enabled the budget to be certified. Finally, DOD’s fall budget was not certified because DOD did not address ONDCP’s recommended program increases.

After the budget certification process was completed, ONDCP monitored the budget and appropriations debate in order to influence development of a national drug budget that was consistent with the National Drug Control Strategy. Significantly, for three of the four agencies we reviewed, their fiscal year 1999 proposed drug budgets were not increased as a result of ONDCP’s budget certification process. All four, however, were increased during the congressional appropriations phase of the budget process.

Overview of ONDCP’s Fiscal Year 1999 Budget Certification Process

As indicated in table 1 below, the fiscal year 1999 budget cycle began with the issuance of the February 1997 National Drug Control Strategy. The goals and objectives included in the National Strategy provide the overall framework for drug control agencies and departments to use in developing their initial fiscal year 1999 drug budget requests.⁷

To augment the general guidance in the National Strategy, in April 1997 ONDCP provided guidance to departmental budget directors describing the certification process, identifying budget submission deadlines, and specifying a format for each submission. While ONDCP required all departments with drug control responsibilities to submit budget requests in the fall of 1997 (prior to their submission to OMB), certain agencies, bureaus, and programs were also required to submit budget requests in the summer of 1997 (at the same time the request was submitted to their department heads).⁸ The purpose of these advance reviews, according to the guidance, is to affect funding levels requested by Cabinet officers in their subsequent budget submissions to OMB.

In late June 1997, ONDCP issued additional guidance to Cabinet officers identifying drug control funding priorities, as required under the act. This

⁷ The goals and objectives of the National Drug Control Strategy are discussed in more detail beginning on page 25 of this report.

⁸ These included agencies and bureaus within the Departments of Agriculture, Education, Health and Human Services, the Interior, DOJ, Transportation, and the Treasury. ONDCP selected these because they are independent entities that prepare and submit initial summer budget submissions to their departments, prior to the departments’ formal budget submissions to OMB.

guidance outlined specific program initiatives, by National Strategy goal, that were to be addressed in agencies' budget submissions to ONDCP. Beginning with the fiscal year 1999 drug budget, ONDCP identified 30 such initiatives that agencies were to address during the next 5 years.

Table 1: ONDCP Fiscal Year 1999 Budget Certification Timeline

Year	Month	Budget Activity
1997	February	National Drug Control Strategy issued by ONDCP, including strategic goals and objectives.
	April	Initial budget guidance issued to departmental budget directors. Guidance is applicable to the new 5-year (FY 1999 – FY 2003) drug budget.
	May	ONDCP met with senior budget officials from departments and agencies. ONDCP budget staff developed proposed agency drug initiatives.
	June - August	Summer budget certification review process. ONDCP analysts reviewed agency budgets and program initiatives, assessed adequacy of program funding, and determined adequacy of budgets to support the National Strategy.
		ONDCP issued 5-year funding guidance for each strategy goal, and identified drug program initiatives to be included in the agencies' FY 1999 – FY 2003 budget submissions.
	July - August	ONDCP prepared summer precertification letters and provided to agencies.
	August	ONDCP met with Cabinet officers to discuss funding priorities prior to submission of fall departmental budgets to OMB.
	September - October	Fall budget certification review process. Agencies submitted fall drug budgets for ONDCP review.
	November	11 certification letters issued. 1 decertification letter issued.
		OMB provided initial budget allocations to agencies and departments.
	December	ONDCP provided written response/appeal to OMB budget allocation decisions. ONDCP requested additional \$719 million in agency budget authority for five program initiatives. ^a
		2 additional certification letters issued.
	President provided final budget allocations. Drug budget authorized additional \$100 million in funding to be allocated to drug control agencies based on ONDCP recommendations.	
1998	January	ONDCP recommended to OMB proposed budget allocations for \$100 million drug budget increase. ^b
	February	National Drug Control Strategy issued by ONDCP, including the President's fiscal year 1999 proposed national drug control budget.

^aThis request included additional funding for several agencies, including DEA, Customs, SAMHSA, and DOD.

^bONDCP's recommendations included increased funding for Customs.

Source: GAO analysis of ONDCP documents.

Initial Summer Budget Review

ONDCP requested that the initial summer drug budgets be submitted by early June 1997. ONDCP budget and program analysts reviewed the drug budget submissions and assessed their adequacy to support the goals and objectives articulated in the current National Strategy—in this case, the 1997 strategy. According to ONDCP officials, the specific level of analysis is left up to the discretion of the individual budget analysts but normally involves a subjective assessment of three factors:

1. Is the budget consistent with the goals and objectives outlined in the National Strategy?
2. Does the budget address specific drug control initiatives outlined in ONDCP's annual guidance?
3. Are funding levels consistent with overall budget trends and at amounts sufficient to carry out individual programs?

Determination of adequacy, according to ONDCP internal memorandums, is not meant to be a technical analysis of the budget, but rather a collective opinion—of budget analysts, program analysts, and ultimately ONDCP managers—that agencies are asking for sufficient funding to carry out existing programs and new initiatives to support the National Strategy.

During July and August 1997, ONDCP began notifying drug control agencies of the results of its summer budget proposed certification decisions. ONDCP prepared precertification letters, which it provided to agencies, identifying specific areas in the budget that must be addressed in order for the budget to be certified. ONDCP officials have stated that these letters allow the agencies time to revise their budgets prior to submitting them in the fall to OMB. It also allows ONDCP to concentrate its certification efforts earlier in the budget process, when there is more time for review and comment prior to the involvement of OMB. These letters are typically provided at the department level, except for independent agencies.

For the fiscal year 1999 budget cycle, the ONDCP Director personally met with Cabinet officers or their designees to discuss funding priorities. According to ONDCP officials, the precertification letters were sent just prior to or brought to these meetings and served as informal agendas for the discussions.

Fall Budget Review and Certification Decisions

ONDCP requested that fall budgets be submitted prior to the time they were provided to OMB (typically during September). The fall budget review and certification process was similar to the summer process, with the reviewers looking specifically at existing programs and new initiatives that ONDCP had identified during the summer reviews (and documented in a precertification letter) as needing additional funding. Following this review, ONDCP notified each department or agency of its final certification decision. Most of the certification letters were issued in late November 1997, with two others provided in early December 1997 and one in early November 1997.

ONDCP officials noted that, in making the final certification decision for each individual drug control agency, there can be a range of overall funding levels that are considered adequate to achieve the goals and objectives of the National Strategy. Therefore, although an agency's overall drug budget may decrease from summer to fall, if the core drug control program initiatives remain adequately funded, the overall drug budget can still be certified.

In making its fiscal year 1999 certification decisions, ONDCP officials told us they used a selective review approach that corresponds to the way budgets are normally prepared and submitted during the federal budget cycle—reviewing mostly agencies and programs during the summer process, and focusing on departments during the fall process.⁹ Rather than individually certifying every program, agency, and department with drug control responsibilities, ONDCP issued certification letters primarily at the department level. Using this approach, ONDCP reviewed approximately 93 percent of the proposed fiscal year 1999 national drug budget for the purpose of certification.

For fiscal year 1999, ONDCP issued letters to 14 departments, agencies, or programs notifying them of its budget certification decisions.¹⁰ Of these,

⁹ As we have previously reported (Drug Control: Reauthorization of the Office of National Drug Control Policy (GAO/GGD-93-144, Sept. 29, 1993)), due to resource limitations and other factors, it is impractical for ONDCP to review and certify all of the numerous program budgets involved, in addition to reviewing and certifying all agency and department budgets. We recommended that Congress amend the act's language to include a simple mandate that ONDCP review and certify drug control budgets at such stages and times that it considers appropriate, but no congressional action was taken.

¹⁰ The enacted fiscal year 1999 national drug budget lists three entities other than ONDCP that were not issued certification letters. According to ONDCP, the Intelligence Community Management Account (\$27 million enacted) is an interagency transfer account, not a program, agency, or department; the Federal Judiciary (\$647 million enacted) is not within the executive branch and thus not subject to the statutory certification requirement; and the Small Business Administration's budget (\$4 million enacted, \$0 proposed for fiscal year 2000) is insignificant in terms of dollar amounts involved.

- ten—the Corporation for National and Community Service, and the departments of Education, Health and Human Services, Housing and Urban Development, the Interior, Justice, Labor, Transportation, the Treasury, and Veterans Affairs—were fully certified;
- three—the U.S. Information Agency¹¹ and the departments of State and Agriculture—were certified, although none of the three had formally submitted a complete fiscal year 1999 drug budget at the time the certification decision was made. ONDCP made its decision based on partial budgets as submitted (Agriculture) and advance budget information provided by department and agency staff (U.S. Information Agency and State). ONDCP also noted that the Department of State’s budget was only “minimally” adequate, based on the fact that State only requested increased funding for its counterdrug efforts in the Andean region, but not in Mexico or the Caribbean; and
- one—the Department of Defense—was decertified. This decision was made when DOD did not fund its drug control program at levels deemed necessary by the ONDCP Director.

Four Case Studies of the Fiscal Year 1999 Certification Process

ONDCP’s budget recommendations do not always result in increased agency drug budgets. As noted above, ONDCP uses precertification letters during the budget certification process to notify agencies of specific areas in their drug budgets that should be addressed in order to be certified. For the four agencies we reviewed in detail, this process had varied results in effecting changes in those agencies’ drug budgets.

Drug Enforcement Administration

DEA’s mission is to enforce our nation’s drug laws and regulations and to bring drug traffickers to justice. In carrying out its mission, DEA is the lead federal agency responsible for enforcement of narcotics and controlled substance laws and regulations. DEA’s fiscal year 1999 drug budget request primarily supported goal number 5 of the National Drug Control Strategy—break foreign and domestic sources of supply.¹² DEA’s primary responsibilities include investigating major interstate and international drug traffickers and violent criminal and drug gangs; coordinating and cooperating with federal, state, and local law enforcement agencies; and working on drug law enforcement programs with their counterparts in foreign countries. In fiscal year 1998, DEA’s enacted budget totaled about \$1.2 billion, all of which was in drug control programs.

¹¹ In October 1998, the U.S. Information Agency was transferred to the Department of State, pursuant to the Foreign Affairs Reform and Restructuring Act of 1998 (P.L. 105-277, Division G).

¹² As reported in the February 1999 National Drug Control Budget Summary, DEA has realigned its resources to better reflect program activities in support of other goals. In addition to goal number 5, DEA’s fiscal year 1999 enacted budget primarily supports goal number 2—reduce drug-related crime and violence—and goal number 4—shield America’s air, land, and sea frontiers.

ONDCP initially hosted a meeting in early May 1997 with senior budget officials from the principal Justice counterdrug bureaus: DEA, Federal Bureau of Investigation (FBI), Immigration and Naturalization Service, U.S. Attorneys, and the Marshals Service. ONDCP issued formal written program guidance to DOJ at the end of June 1997. Because DEA funding is 100 percent drug related, ONDCP has contact with all of DEA's administrative and program divisions, not just the budget office. Therefore, typically there are no budgeting surprises during development of DEA's budget.

For the fiscal year 1999 drug budget, DEA was required to submit a summer agency-level budget to ONDCP for review. In mid-June 1997, DEA made its initial budget submission to DOJ. DEA subsequently submitted the same budget—albeit in different format—to ONDCP in July 1997. According to DEA officials, the departmental budget submission takes priority over the submission to ONDCP. Although ONDCP demands the same information, it must be presented in a different format.

DEA's summer budget as submitted to ONDCP totaled about \$1.4 billion. According to ONDCP officials, ONDCP was satisfied with the DEA submission. However, on August 8, 1997, ONDCP issued a precertification letter to DOJ, which listed four specific program initiatives that ONDCP believed should receive additional funding in DEA's budget:

- Andean Coca Reduction – To reduce South American coca leaf production through enforcement and interdiction measures that disrupt the cocaine export industry and through development programs that provide legal income alternatives and encourage the cultivation of legal crops.
- Port and Border Security – To provide improved security and enhanced drug interdiction along all U.S. air, land, and sea frontiers and at all ports of entry.
- Mexican Initiative – To reduce the flow of illicit drugs from Mexico into the United States and dismantle the organizations trafficking in drugs and money laundering.
- Caribbean Violent Crime and Regional Interdiction – To expand counterdrug operations targeting drug trafficking-related criminal activities and violence in the Caribbean region.

No specific funding level increases were recommended for any of the four initiatives. According to ONDCP documents, although the initiatives were identified for inclusion in the fiscal year 1999 budget, ONDCP gave DOJ maximum flexibility in determining both the precise scope and funding for each proposal.

In mid-August 1997, the ONDCP Director met with the Attorney General to discuss the Justice drug budget and possible increases for DEA prior to submission of DOJ's final fall budget to OMB. The precertification letter discussed above served as an informal agenda for this meeting.

As submitted to OMB and ONDCP in mid-October 1997, DEA's fall budget submission was about \$82 million lower overall than its initial summer submission. However, the total requested amounts remained higher than the previous year's enacted amounts. DEA's total fall budget request was about \$1.3 billion. ONDCP certified the DOJ budget as adequate in late November 1997.

OMB's preliminary agency funding decisions (commonly known as "passback")¹³ were made on November 25, 1997. ONDCP formally appealed to OMB on behalf of DEA for \$30.1 million in additional funding for the DEA program initiatives previously identified in its summer precertification letter to DOJ. After the appeals process was completed, the final OMB budget passback amount approved for DEA was \$68 million above OMB's preliminary decision, including \$10 million for the Caribbean initiative. DEA's total budget request, as approved by the President and submitted to Congress, was about \$1.25 billion, which represented an increase of about \$55 million from the fiscal year 1998 enacted budget.

Customs Service

The mission of the U.S. Customs Service is to ensure that all goods and persons entering and leaving the country do so in accordance with applicable laws and regulations. As part of its mission, Customs guards against smuggling and is responsible for interdicting and seizing contraband, including narcotics and illegal drugs. In carrying out this mission, Customs' fiscal year 1999 drug budget request primarily supported goal number 4 of the National Drug Control Strategy—shield America's air, land, and sea frontiers. In addition to inspectors and agents at over 300 ports of entry, Customs maintains aircraft, vessels, and surveillance devices to help detect and interdict illegal drugs at or before they reach our borders. In fiscal year 1998, Customs received about \$606 million in funding for its drug control programs.

Customs' budget office began the fiscal year 1999 drug budget process in April 1997, when it received ONDCP's initial drug budget guidance. For the fiscal year 1999 drug budget, Customs was required to submit a summer

¹³ After agencies submit their fall budgets to OMB, OMB reviews each budget and passes its preliminary budget decisions back to the agencies—hence, "passback." Agencies may appeal decisions with which they disagree. If OMB and an agency cannot reach agreement, the agency may appeal to the President.

agency-level drug budget to ONDCP for review. Customs first submitted its budget to Treasury, after which the Customs budget office began extracting those drug budget items from the overall budget in order to prepare its drug budget—a process taking about 2 to 3 weeks. However, because Customs was late in submitting its budget to Treasury—it was due June 1, 1997, but was not delivered until July 1997—Customs also was late in preparing and submitting its drug budget to ONDCP.

In an August 8, 1997, precertification letter to Treasury, ONDCP identified three specific drug program initiatives that it believed should receive additional funding in Customs' budget: Port and Border Security, Caribbean Violent Crime and Regional Interdiction, and Mexican Initiative (as described previously). ONDCP did not request any specific funding levels in this letter. Customs' drug budget was submitted to ONDCP on August 11, 1997. The total drug-related funding requested in this summer submission was \$844 million, which represented about 40 percent of Customs' total budget. During this time, the ONDCP Director met directly with the Treasury Secretary to discuss drug budget funding priorities and ONDCP's specific budget recommendations.

Customs' fall drug budget was submitted to ONDCP on October 31, 1997. This budget requested \$773 million for drug control, which was about \$71 million lower overall than its initial summer submission. This decrease was primarily due to reductions in funding for drug control interdiction activities (goal number 4 of the National Strategy)—Customs' primary drug control activity. However, the total requested amounts for drug control remained higher than the previous year's enacted amounts. Customs officials told us the decrease from the summer submission was due to reductions resulting from Treasury's departmental budget review. ONDCP certified Treasury's budget as adequate in late November 1997.

OMB's preliminary agency funding decisions were made on November 25, 1997. ONDCP formally appealed to OMB on behalf of Customs for \$160.4 million in additional funding for the Customs program initiatives previously identified in its summer precertification letter to Treasury. Nevertheless, as a result of OMB's final passback, Customs' drug budget was reduced further—despite the ONDCP appeals—although it provided Customs an additional \$29 million for the Port and Border Security Initiative.

Because OMB had approved \$100 million in discretionary drug control funding (to be allocated according to ONDCP's recommendations), ONDCP decided to allocate an additional \$25 million of this funding to

Customs for border security activities—nonintrusive detection equipment. According to Customs officials, this amount was in addition to \$14 million that Customs had already included in the budget for three other initiatives. Customs' total drug budget request, as approved by the President and submitted to Congress, ultimately totaled about \$673 million, representing an increase of about \$66 million over fiscal year 1998 enacted levels.

Substance Abuse and Mental
Health Services Administration

SAMHSA is one of the key federal agencies that supports goals number 1 and 3 of the National Drug Control Strategy—primarily involving prevention and treatment of illegal drug use. SAMHSA's mission within the nation's health system is to improve the quality and availability of prevention, treatment, and rehabilitation services in order to reduce illness, death, disability, and cost to society, resulting from substance abuse and mental illnesses. In fiscal year 1998, SAMHSA received about \$1.3 billion in funding for its drug control programs.

For the fiscal year 1999 drug budget, SAMHSA was required to submit a summer agency-level drug budget to ONDCP for review. In late June 1997, SAMHSA submitted its drug budget submission totaling about \$1.65 billion to ONDCP. After reviewing the SAMHSA budget, ONDCP issued a precertification letter to the Department of Health and Human Services (HHS). This letter, dated August 8, 1997, identified the following program initiatives where ONDCP wanted to see additional resources applied (although no specific funding levels were identified):

- Youth Drug Prevention Research – To conduct a program of research designed to improve the understanding of youth drug abuse and addiction and disseminate findings from various research sources;
- Youth Substance Abuse Prevention – To use findings from successful programs to develop new state incentive grant drug prevention programs, focusing on drug prevention in early childhood and among adolescents;
- Close the Public System Treatment Gap – To increase drug treatment capacity and outreach for chronic users and addicts, including their families; and
- Medications for Drug Dependence – To expand grant funding to support priority research projects associated with the development of medications and treatment protocols to prevent or reduce drug dependence and abuse.

On August 15, 1997, the ONDCP Director met with the HHS Secretary to discuss the changes ONDCP wanted to see (as spelled out in its precertification letter) in the HHS fall budget submission to OMB and ONDCP.

The initiative to Close the Public System Treatment Gap was a major drug policy priority for ONDCP and was a primary issue of disagreement among HHS, SAMHSA, and ONDCP during the budget review process. HHS believed SAMHSA should move away from directly funding service projects and instead focus on a research-based approach. SAMHSA supported expansion of targeted treatment capacity, rather than generally expanding its block grant program. ONDCP strongly supported expanding treatment capacity by increasing SAMHSA's block grant program.

In September 1997, HHS submitted its fall budget to OMB and ONDCP. In this submission, SAMHSA's drug budget totaled about \$1.4 billion. The changes that ONDCP wanted to see in SAMHSA's budget were not in the budget. After reviewing the fall submission, ONDCP drafted a proposed letter (dated October 9, 1997) to decertify SAMHSA's drug budget. In this letter, ONDCP specifically recommended that HHS' budget submission include at least \$400 million in additional funding for the Close the Treatment Gap initiative and \$50 million additional for the Youth Substance Abuse Prevention initiative.

During October 1997, ONDCP, SAMHSA, and HHS budget officials met twice to try and resolve the treatment gap issue. Although they supported the idea of closing the gap in drug treatment, they disagreed on the size of the treatment gap, a factor that could significantly affect the estimated cost to close the treatment gap as well as the most effective way to fund the treatment gap initiative. According to ONDCP, SAMHSA did not quantify the treatment gap in its initial drug budget submission, and ONDCP believed the gap was larger than could be addressed by the amount that SAMHSA had requested. Based on discussions at these meetings, HHS agreed to amend its fall budget request to address ONDCP's concerns.

In November 1997, HHS submitted an amended budget to OMB. According to the HHS Secretary's letter to the OMB Director, an additional \$75 million was included in the budget to fund treatment efforts in cities with serious drug problems, while another \$35 million would provide funds to enhance existing state data efforts and to improve treatment and/or its delivery to vulnerable populations. An additional \$115 million (\$82 million drug related) was also included in the amended budget to increase the Substance Abuse Block Grant, for a total drug budget increase of about \$192 million. According to SAMHSA officials, making a resubmission to OMB was an unusual occurrence and represented a significant accommodation by HHS to the wishes of ONDCP. In late November 1997,

approximately 1 week after HHS amended its OMB budget submission, the department's drug budget was certified by ONDCP.

OMB's preliminary agency funding decisions were made on November 25, 1997. Subsequently, ONDCP formally appealed to OMB for \$200 million additional to fund the treatment gap initiative, consistent with the previous recommendation by ONDCP to HHS. OMB's final budget passback included the additional funding to help expand drug treatment efforts that had been included in SAMHSA's amended fall budget submission. However, at the same time, OMB eliminated all increases for SAMHSA mental health programs and cut substance abuse prevention and treatment funding by \$75.6 million below 1998 levels. SAMHSA's total drug budget request, as approved by the President and submitted to Congress, totaled about \$1.36 billion, an increase of about \$40 million over fiscal year 1998's enacted budget.

Department of Defense

DOD's fiscal year 1999 counterdrug budget request included funding for all 5 goals of the National Drug Control Strategy, although it primarily supported goals number 4 and 5—interdiction and supply reduction of illegal drugs. DOD's role, among other things, is to detect and monitor aerial and maritime transit of illegal drugs headed to the United States. DOD also supports foreign intelligence collection and analysis programs that aid source and transit countries to arrest drug kingpins and dismantle their organizations. In fiscal year 1998, DOD's enacted budget included about \$848 million in funding for counterdrug programs.¹⁴

For the fiscal year 1999 budget cycle, ONDCP required DOD to submit its counterdrug budget to ONDCP in the fall, at the same time the department's overall budget was submitted to OMB. To provide DOD additional specific program guidance, on August 8, 1997, the ONDCP Director wrote to the Secretary of Defense requesting that the DOD drug control budget, in order to be certified as adequate, include funding for two specific program initiatives: Andean Coca Reduction and Mexican Initiative.

In an August 26, 1997, memorandum from DOD to ONDCP, the Principal Director for Drug Enforcement Policy and Support said that because the

¹⁴ This was DOD's fiscal year 1998 enacted budget according to ONDCP's 1998 National Drug Budget Summary. GAO has previously reported that there are significant operating and overhead costs that are not reflected in DOD's counterdrug budget (see [DOD Counterdrug Activities: Reported Costs Do Not Reflect Extent of DOD's Support](#) (NSIAD-98-231, Sept. 23, 1998)).

fiscal year 1998 appropriation and authorization acts had not yet passed, the requested increases could not be incorporated into the DOD counterdrug budget submission at that time. According to DOD officials, DOD did not have congressional authority to carry out all the suggested programs that ONDCP had highlighted in its August 8, 1997, letter. To give ONDCP advance notice on what DOD's counterdrug budget submission would look like, the memorandum included an attachment briefly summarizing DOD's preliminary fiscal year 1999 counterdrug budget, which at that time totaled \$809 million. On September 16, 1997, DOD submitted its preliminary counterdrug budget to ONDCP as required. In the budget transmittal letter, the Principal Director for Drug Enforcement Policy and Support indicated that additional counterdrug funding may be provided in DOD's overall budget, after it was finalized with OMB.

In a September 24, 1997, letter to the Secretary, the ONDCP Director replied that DOD's counterdrug program appeared to be systematically under funded. The Director asked that DOD give careful consideration to adding \$141 million in fiscal year 1999 enhancements—for a total counterdrug budget of \$950 million—to support four counterdrug program initiatives: (1) Andean Coca Reduction (\$75 million), (2) Mexican Initiative (\$24 million), (3) Caribbean Violent Crime and Regional Interdiction (\$12 million), and (4) National Guard Counterdrug Operations (\$30 million). During this time, the ONDCP Director, Secretary of Defense, and Deputy Secretary of Defense met to further discuss ONDCP's recommended increases.

On November 6, 1997, the ONDCP Director sent a letter to the Secretary of Defense notifying him that ONDCP had determined that DOD's preliminary fiscal year 1999 counterdrug budget could not be certified. Again the letter indicated that an additional \$141 million was needed to correct deficiencies in the current budget. Also on November 6, 1997, the Secretary of Defense replied that the amounts requested by ONDCP were excessive. For example, in response to ONDCP's recommendation for additional spending on the Mexican Initiative, the Secretary stated that DOD already planned to spend \$12 million in Mexico in fiscal year 1999 and that it would be a logistical challenge to increase this amount. Additionally, the Secretary stated, DOD could not increase spending on the Andean Initiative until enactment of additional DOD authority by Congress. On November 7, 1997, the ONDCP Director reiterated to the Secretary of Defense that ONDCP would not certify the DOD counterdrug budget and sent similar letters to key administration and congressional officials.

At the time of OMB's preliminary budget passback decisions, DOD's overall budget submission had not yet been finalized. Based on DOD's preliminary counterdrug budget submission, ONDCP formally appealed to OMB for the \$141 million in increased funding that ONDCP had previously identified when it decertified DOD's counterdrug budget. In mid-December 1997, DOD announced that it would support additional resources in its budget for counterdrug programs. ONDCP supported DOD's decision, but in a December 16, 1997, letter to DOD, ONDCP continued to request additional funding for the National Guard Counterdrug Program. As finally agreed to with OMB in late December 1997, DOD's counterdrug budget totaled \$883 million, including about \$75 million in increased funding for three of the four program initiatives previously recommended by ONDCP.¹⁵ DOD's total fiscal year 1999 counterdrug budget as approved by the President and submitted to Congress was \$883 million.

According to DOD officials, the DOD budget cycle and that of ONDCP do not align very well. Normally, DOD does not finalize its overall departmental budget (internally or with OMB) until late December. Throughout the fall, and continuing into OMB's passback season, DOD is constantly refining its budget submission. Thus, DOD's counterdrug budget is not always available in final form when ONDCP would like it for certification purposes.¹⁶

According to ONDCP officials, in order to influence the DOD budget process, ONDCP usually receives DOD's draft drug budget submission in late August or early September. DOD's final budget submission is generally completed too late in the process for ONDCP to propose changes. Because of this practice, DOD's drug budget is typically reviewed for certification purposes prior to other drug control agencies' budgets in the fall. Based on the preliminary DOD budget submitted in September 1997 and further discussions with DOD officials, ONDCP believed that the department was not going to fund the initiatives in question at a level that would be adequate; and thus, it decertified DOD's drug budget. ONDCP could not wait until December 1997—when DOD's final budget was completed—because it had to begin preparing for discussions with OMB and the President about the overall national drug budget. Further, there was no

¹⁵ DOD also agreed to reprogram \$15 million in estimated budgetary savings towards the fourth initiative—National Guard Counterdrug Operations.

¹⁶ We previously identified this issue in our 1993 ONDCP review (Drug Control: Reauthorization of the Office of National Drug Control Policy (GAO/GGD-93-144, Sept. 29, 1993)). At that time, we recommended that DOD provide ONDCP with a preliminary DOD drug budget by August of each year to facilitate ONDCP's budget review and certification process.

guarantee that DOD's final budget—when it was submitted—would be sufficient to merit certification.

ONDCP Monitored the Drug Budget During the Fiscal Year 1999 Appropriation Process

Although it is difficult to isolate the specific effect that ONDCP's input had on the drug budget as enacted by Congress, we can identify changes in the drug budget that occurred during the appropriations process. We can also compare those changes with ONDCP's efforts to monitor development of the National Drug Control Budget during the budget and appropriations process.

After the President's proposed budget was submitted to Congress in February 1998, ONDCP continued to monitor the status of the drug budget during the congressional appropriations process. In several instances, ONDCP corresponded directly with members on the House and Senate Appropriations Subcommittees that were responsible for overseeing drug control agencies' budgets. The ONDCP Director also testified on several occasions, in conjunction with the congressional appropriations hearings process, about the national drug control program and the need for additional funding in specific areas.

The national drug control budget as enacted by Congress represented an increase of about \$816 million over the President's fiscal year 1999 drug budget request. This increase can be attributed, in large part, to the October 1998 enactment of the Western Hemisphere Drug Elimination Act and Emergency Supplemental Appropriations for fiscal year 1999.¹⁷ The Western Hemisphere Drug Elimination Act authorized, among other things, increased funding for drug interdiction and supply reduction activities over the next 3 fiscal years, 1999 to 2001. The Emergency Supplemental Appropriations provided increased counterdrug funding for fiscal year 1999 in the amount of \$844 million.

While the Western Hemisphere Drug Elimination Act contains no explicit statement about the relevance of ONDCP's budget certification process to its passage, one of its purposes was to state Congress' desire that DOD give higher priority for counterdrug activity¹⁸—a position also stated by ONDCP when it decertified DOD's fiscal year 1999 drug budget. In

¹⁷ The Western Hemisphere Drug Elimination Act was enacted under Division C, title VIII of the Omnibus Consolidated and Emergency Supplemental Appropriations Act for Fiscal Year 1999 (P.L. 105-277). Division B of this act identified the Emergency Supplemental Appropriations for fiscal year 1999.

¹⁸ Section 802 of this act states that, in recent years, DOD assets critical to counterdrug activities have been consistently diverted to other missions. It also states that DOD's counterdrug activities mission should be near the top, not among the last, of the priorities for the allocation of DOD assets (after the war-fighting mission).

addition, the act authorized increased drug control funding for supply reduction activities in source countries and Caribbean transit zones, two activities for which ONDCP previously recommended budget increases in its precertification letters to Justice and Treasury. Despite Congress' intentions to increase the national drug budget, the ONDCP Director and the administration opposed passage of this act, stating that, among other things, it was an attempt by Congress to micromanage national drug strategy.

The Emergency Supplemental Appropriations for fiscal year 1999 provided significant supplemental funding for the national drug control budget, particularly in areas in which ONDCP had recommended increases during the budget certification process. For example,

- DEA, whose budget ONDCP had previously certified as adequate, received a small additional increase in counterdrug funding—\$10 million. This was primarily for drug control activities in source countries in North and South America, budget activities that ONDCP had previously recommended be increased in its precertification letter to DOJ.
- Customs, whose budget ONDCP had previously certified as adequate, nevertheless received a significant additional increase—\$267 million—in counterdrug funding. Most of this amount was for drug surveillance and interdiction in transit zones, as well as enhanced port and border inspection capabilities. ONDCP had recommended increases in each of these areas in its precertification letter to Treasury and also later recommended additional funding for inspection technology.
- DOD received an additional \$42 million in counterdrug funding, primarily for port and border security and international supply reduction activities. When added to its regular counterdrug appropriation of \$895 million, DOD's total counterdrug funding for fiscal year 1999 (\$937 million) was nearly equal to what ONDCP had originally recommended (\$950 million).

Although SAMHSA did not receive additional funding under the Emergency Supplemental Appropriations for fiscal year 1999, SAMHSA's drug budget may have benefited from ONDCP's input into the appropriations process. ONDCP had previously requested OMB to increase SAMHSA's drug treatment funding by \$200 million over its request—consistent with the total amount (\$400 million) ONDCP had originally recommended during SAMHSA's budget certification review. In addition, in subsequent letters to members of the congressional appropriations committees, the ONDCP Director identified SAMHSA's Substance Abuse Block Grant as a key initiative needing additional resources for fiscal year 1999. Congress eventually provided an additional \$75 million over and

above the President’s requested funding for SAMHSA’s Substance Abuse Block Grant program. Table 2 summarizes how the four agency drug budgets changed at each stage in the fiscal year 1999 budget process.

Table 2: Changes in Fiscal Year 1999 Drug Budget at Each Stage of Budget Development (dollars in millions)

	Congress FY 1998 enacted budget	ONDCP/Agencies Summer submission	ONDCP/Agencies Fall submission	OMB/ President Proposed national drug budget	Congress FY 1999 enacted budget ^a
National Drug Budget	\$15,977	n/a	n/a	n/a	\$17,886
DEA	1,200	1,390	1,309	1,309	1,299
Customs	606	844	773	773	956
SAMHSA	1,320	1,649	1,438 ^b	1,630	1,481
DOD	848	n/a	809	^c	937

Note: n/a indicates “data not applicable.”

^aIncludes additional amounts for DEA, Customs, and DOD enacted under the Emergency Supplemental Appropriations for fiscal year 1999.

^bSAMHSA’s initial fall budget submission for fiscal year 1999 was later amended based on negotiations between ONDCP, SAMHSA, and HHS.

^cDOD’s fall budget submission for fiscal year 1999 was decertified by ONDCP.

Source: GAO analysis of ONDCP and agency budget documents.

How ONDCP Monitors the Extent to Which Agencies and Programs Achieve Intended Results

ONDCP has two primary tools to help monitor the extent to which drug control agencies and programs are achieving intended results. First, as part of its authorizing legislation, ONDCP has general authority to monitor and, if necessary, direct how drug control agencies should manage their individual budgets to implement the National Drug Control Program. However, because of statutory restrictions on how ONDCP can exercise this authority and ONDCP’s desire to maintain positive interagency relationships, these authorities have little direct impact on ONDCP’s management of the National Drug Control Program. In practice, ONDCP prefers not to intervene in the daily operations of individual drug control agencies but rather to provide an overall strategic and tactical framework that lets the agencies work out the operational details.

Second, to carry out its responsibility for annually assessing the effectiveness of the federal government’s National Drug Control Program, ONDCP has recently implemented the Performance Measures of Effectiveness (PME) system. Established in February 1998 through cooperative efforts between ONDCP and the drug control community, the PME system provides a framework for assessing the effectiveness of the National Drug Control Strategy by utilizing goals, objectives, and measurable effects, known as performance targets. This system is expected to allow ONDCP, the agencies, and Congress to better manage

the programs and resources associated with the nation's drug control efforts. The PME system is a work in progress, and questions remain that could affect the system's ultimate success.

ONDCP's Authority to Monitor Drug Control Agency Budgets

ONDCP has authority to monitor and, if necessary, direct drug control agencies in how they manage their budgets.¹⁹ For example, as part of its general responsibility for overseeing and coordinating implementation of the National Drug Control Strategy, ONDCP has the authority to recommend to the President changes in the organization, management, budgets, and personnel of federal drug control agencies. ONDCP's authority also extends to agencies' appropriated funds, whereby ONDCP

- must approve, prior to submission to Congress, any request by a federal drug control agency to reprogram or transfer any amount of appropriated drug control funds greater than \$5 million;
- may, upon advance notification to Congress and with the concurrence of the affected agencies, transfer appropriated drug control funds from one federal drug control agency to another;²⁰ and
- may issue funds control notices that direct how federal drug control agencies may obligate appropriated drug control funds.

In addition, as part of the budget certification process described previously, ONDCP can direct federal drug control agencies to make changes to their annual drug budget submissions so that the budgets are consistent with the specific drug control initiatives and priorities identified in the National Strategy.

ONDCP officials noted that its reprogramming authority, although not specifically aimed at managing agency performance, provides a means by which ONDCP can help ensure, in advance, that any significant budgetary changes will not negatively affect the agency's ability to meet the goals and objectives of the National Strategy. Normally, the officials noted, the agency has discussed such requests in advance with ONDCP, and the approval is routine. According to ONDCP officials, on two occasions in fiscal year 1999, ONDCP has exercised its authority to approve agency drug budget reprogramming requests. The State Department requested

¹⁹ Office of National Drug Control Policy Reauthorization Act of 1998 (title VII of P.L. 105-277), section 704(d)(7).

²⁰ Prior to October 1998, this authority could not be exercised without advance approval from Congress. The statutory language was changed with passage of the Office of National Drug Control Policy Reauthorization Act of 1998 (title VII of P.L. 105-277), section 704(d)(8)(B) and (E).

reprogramming of \$19.5 million, most of which was to realign funding between existing counterdrug programs; and DOD requested reprogramming to shift an additional \$45 million into its Counterdrug Transfer Account.²¹ ONDCP officials said they could not recall disapproving of an agency reprogramming request.

ONDCP has not used its authority to directly transfer drug control funding from one agency or department to another. According to ONDCP officials, this authority is not likely to be used in the future, despite the fact that Congress recently increased the amount eligible for transfer from 2 percent to 3 percent of the transferring agency's drug budget.²² Under the current law, ONDCP must not only report any proposed transfer to Congress in advance of taking any action, but also it may exercise the transfer authority only with the consent of the head of each affected agency. Because of these checks and balances, this new authority in effect provides ONDCP no more power to influence agency budgets than it already had under existing authorities. ONDCP officials told us that, in any event, they prefer to effect changes in agency drug budgets through negotiation, interagency working relationships, and the normal budget process. The officials noted that a decision on the part of ONDCP to recommend the transfer of agency funding under this authority could jeopardize these interagency relationships.

According to ONDCP officials, funds control notice authority provides ONDCP the flexibility to direct drug control spending on particular projects, activities, functions, or object classes; and the ability to ensure that a project or activity critical to the National Drug Control Strategy is funded. They said this authority would be used by ONDCP on an exception basis to specify the timing or amount of spending related to certain appropriations. Funds control notices could also be issued to keep a drug control agency from spending funding on a particular project or activity. The existence of this authority tends to make ONDCP budget recommendations and requests to drug control agencies more persuasive. To date, ONDCP has not had to issue a funds control notice.

As noted previously, ONDCP does use the budget certification process in an effort to effect changes in drug control agencies' budgets. Although not

²¹ According to DOD officials, although they notified ONDCP of this reprogramming request, it did not require ONDCP approval because it involved the reprogramming and transfer of funds from noncounterdrug sources (the Defense Working Capital Fund) into DOD's counterdrug program.

²² Office of National Drug Control Policy Reauthorization Act of 1998 (title VII of P.L. 105-277), section 704(d)(8)(C).

always successful—in the case of DOD’s fiscal year 1999 budget, for example—the certification process provides a mechanism by which ONDCP can review agencies’ drug budgets for consistency with the National Strategy and make recommendations that bring these budgets into line with the strategy’s current goals and objectives.

ONDCP’s PME System

To better evaluate the effectiveness of federal drug control efforts, in February 1998 ONDCP established its PME system²³—a system of goals, objectives, and targets designed to implement the National Strategy and measure the effectiveness of the nation’s drug control efforts. The Anti-Drug Abuse Act of 1988 required ONDCP to include in each year’s National Strategy an evaluation of the effectiveness of federal drug control efforts during the previous year.²⁴ The PME system was developed in response to Executive Order 12880 (issued November 16, 1993) and additional statutory language included in the Violent Crime Control and Law Enforcement Act of 1994 (P.L. 103-322),²⁵ which required a more detailed assessment of federal drug control efforts.

As stated in ONDCP’s 1998 PME report, the PME system is designed to (1) assess the effectiveness of the National Drug Control Strategy, (2) provide the drug control community with critical information on what needs to be done to refine policy and programmatic direction, and (3) assist with drug program budget management at all levels. The 1998 report goes on to state, however, that the PME system was not used to construct the national drug control budget. Rather, the performance targets were developed separately from the budget process. Eventually, the PME system is meant to enable the drug control community to assess and select among various options for achieving the performance targets—including budget/resource management tools; shared responsibility by federal, state, local, and private organizations; and the system of laws and regulations.

Development of the PME System

ONDCP began its PME effort in 1995, when ONDCP initiated an interagency effort to draft performance targets and measures to be included in the 1996 National Strategy. Working groups—consisting of agency staff, line managers and others knowledgeable about drug control

²³ Office of National Drug Control Policy, *Performance Measures of Effectiveness: A System for Assessing the Performance of the National Drug Control Strategy (1998-2007)*, February 1998.

²⁴ This specific responsibility is described in the National Narcotics Leadership Act of 1988, section 1005. ONDCP’s general authority to monitor implementation of the National Strategy through program and performance evaluation is laid out in section 1003 of the act.

²⁵ ONDCP’s specific authority and responsibility related to assessments of the effectiveness of federal drug control efforts is set forth in section 90203 of the Violent Crime Control Act, which amended section 1005(a) of the 1988 Act.

issues and programs—were established to develop an acceptable measurement plan and specific performance targets. By 1996, this effort evolved further as the working groups began developing the performance measurement framework that would become the PME system. The working groups reconvened in February 1997 with some new members. The final recommendations made by the working groups were incorporated by ONDCP into the PME report that was issued in February 1998.

After the initial PME report was issued in 1998, the working groups reconvened to develop specific action plans identifying the responsibilities of each individual agency in working towards the PME performance targets. According to ONDCP officials, the working groups were encouraged to develop the action plans, without regard to budgetary constraints, to identify the best approaches to operationalizing agency responsibilities. ONDCP intends to publish finalized action plans in subsequent PME reports, after they have been cleared at the department level. The working groups also focused on other refinements to the PME system, including defining causal relationships between agency activities and desired impacts for each target; identifying annual targets that correspond to achieving the 5- and 10-year outcomes; and developing plans for addressing gaps in performance measurement data.

According to ONDCP officials, ONDCP intends to report on the results and implementation of the PME system each February, in conjunction with the publication of the National Drug Budget Summary. The first annual status report was issued in February 1999.²⁶ Although too soon to make an assessment of the National Strategy's effectiveness, the 1999 report described accomplishments during the prior year—including six milestone performance targets that were achieved. The report also described ONDCP's plans for additional development of the PME system during 1999. For example, ONDCP plans to reach out to state and local entities that have antidrug interests and include their input in the 2000 PME report. ONDCP believes this is an important next step in implementing and evaluating the National Strategy, since it is meant to be a national, not strictly federal, document.

²⁶National Drug Control Strategy, Performance Measures of Effectiveness: Implementation and Findings, February 1999.

Linkages Between National Drug Control Strategy and 1998 PME Targets

The 1998 National Drug Control Strategy identified 5 strategic goals and 32 objectives as part of a comprehensive effort to reduce drug use (demand), decrease drug availability (supply), and reduce the adverse consequences of drug use.²⁷ The strategy's five goals are as follows:

- Goal 1 – Prevent drug use among America's youth;
- Goal 2 – Increase the safety of America's citizens;
- Goal 3 – Reduce the health and social costs of drug use;
- Goal 4 – Shield America's air, land, and sea frontiers; and
- Goal 5 – Break foreign and domestic sources of supply.

The goals help to define the major initiatives that must be pursued to reduce drug use, availability, and consequences. Each goal includes one or more objectives, which help to measure progress towards the goal and may be modified as counterdrug efforts succeed or new challenges emerge. For example, goal number 4 includes the following objectives:

- Reduce drug flow in transit and arrival zones,
- Improve coordination among U.S. drug control agencies,
- Improve coordination with drug source and transit nations, and
- Conduct research and develop technology to deter drug flow into the United States.

The PME system takes this approach a step further by linking the strategy's goals and objectives to 94 specific targets, while at the same time identifying measures (i.e., data variables or events) used to track progress towards these targets. As illustrated in figure 1, the PME's 12 "impact" targets define the desired outcomes for the National Strategy's five goals. The other 82 "performance" targets define progress towards the National Strategy's 32 supporting objectives.²⁸ While impact targets are to be used to assess whether the National Strategy is successful overall, the performance targets are to offer additional information on what needs to be done to refine policy or programmatic directions.

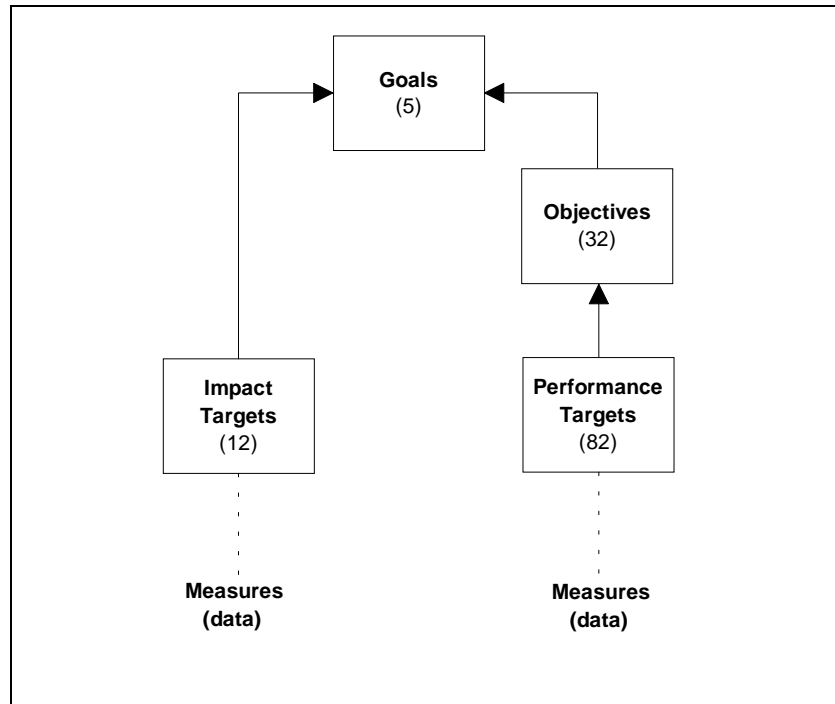
According to ONDCP officials, the concept or logic model underlying the PME system is that the goals, objectives, and targets cascade down to the various federal drug control agencies responsible for reporting on

²⁷ The 1999 National Drug Control Strategy is essentially the same as 1998, except that the number of objectives supporting the 5 goals has been reduced from 32 to 31.

²⁸ Although the PME system framework remained essentially the same from 1998 to 1999, the number of targets was increased from 94 to 97 and, consistent with the 1999 National Strategy, the number of objectives was reduced from 32 to 31.

ONDCP's performance and impact targets that have been established for 2002 and 2007. To measure success in meeting the National Strategy's overall goals and objectives, ONDCP plans to compile data provided by the drug control agencies on those performance targets for which they have supporting responsibilities.

Figure 1: Linkage Between 1998 National Strategy and PME Targets and Objectives



Source: Office of National Drug Control Policy, *Performance Measures of Effectiveness: A System for Assessing the Performance of the National Drug Control Strategy (1998-2007)*, February 1998.

Each of the goals in the strategy is associated with several impact targets, objectives, performance targets, and measures. For example, goal number 5 of the strategy is to break foreign and domestic drug sources of supply. As described in the PME system, meeting this goal depends on achieving six objectives, each of which addresses some aspect of foreign or domestic supply. Each objective further consists of two to four performance targets, the measurement of which is to determine whether the objectives have been achieved. To determine whether the overall goal has been met, two additional impact targets—one dealing with foreign drug supply and one dealing with domestic drug production—are to measure outcomes over 5- and 10-year periods.

Focusing on foreign supply, the impact target measuring achievement of this aspect of goal number 5 is as follows:

Source zone outflow — By 2002, reduce the rate of outflow of illicit drugs from the source zone by 15 percent, as compared with the 1996 base year. By 2007, reduce outflow rate by a total of 30 percent measured against the base year.

Goal number 5, objective 1 is to reduce production of specific illegal drugs which, if achieved, would lead to a reduction in source zone outflow. This objective contains four specific performance targets for reductions in illicit coca, opium poppies, marijuana, and other illegal drugs.²⁹ An example of one of these performance targets is for illicit coca:

Illicit coca – By 2002, reduce the worldwide net cultivation of coca destined for illicit cocaine production by at least 20 percent, as compared with the 1996 base year. By 2007, reduce net cultivation by at least 40 percent compared with the base year.

Progress towards this target is expected to be measured based on coca cultivation as expressed in hectares under cultivation and metric ton equivalent of potential production capacity, assessed annually, on a worldwide basis. In its 1999 PME report, ONDCP identified an existing source for this measurement data—the International Narcotics Control Strategy Report (issued annually by the Department of State)—and the Central Intelligence Agency (CIA) was identified as the primary reporting agency.

According to the underlying assumptions behind the PME system, if all of the performance targets associated with objective 1 are reached in 2002 and 2007, then the objective—reduced drug production—should be achieved. However, achieving this objective does not necessarily mean that the associated impact target—reduced source zone outflow—for goal number 5 will be met. Rather, that outcome is contingent not only on achieving objective 1, but it also depends on the results achieved towards the other targets and objectives associated with the source zone outflow impact target.

In the above example, although the CIA is the primary reporting agency, five other drug control departments and agencies—DEA, DOD, State, FBI,

²⁹ In the 1999 PME report, both marijuana and opium poppies were broken into two additional targets, in order to differentiate between locations of supply.

PME Issues Yet to be Fully Resolved

and U.S. Agency for International Development—also have responsibility for meeting the illicit coca performance target. According to ONDCP, if the performance target is not reached, further analysis will be necessary to clearly establish why and identify the appropriate corrective actions—which might include changes in agency funding, agency resources or assets, agency responsibility, or in the target itself.

ONDCP expects the PME system to ultimately bring accountability to the nation’s drug control efforts. As agencies collect and report performance measurement data to ONDCP, ONDCP expects the PME system to help identify which drug control programs are contributing to the achievement of desired outcomes.

ONDCP also expects that, after the PME interagency action plans are finalized, they will be fully reflected in agency budget submissions and performance plans submitted under the Government Performance and Results Act (Results Act).³⁰ According to the 1999 PME report, agencies will be asked to link responsibilities within these action plans to their budget submissions, and programs will need to be linked to the targets to which they contribute.³¹

ONDCP and drug control agency officials raised several issues that they said need to be addressed in order for the PME system to be successfully implemented. First, for many of the performance targets identified, no data currently exist to measure progress towards the target. According to the February 1999 PME status report, about one-third of the performance targets were not currently measurable, with goal number 2 of the National Strategy—reduce drug-related crime and violence—having the largest proportion of unmeasurable targets (10 of 17). For example, one target for goal number 2 is to reduce the rate of violent crimes and crimes against property that are associated with illegal drugs. However, data currently collected for these types of crimes (through FBI Uniform Crime Reports) are not broken out by drug use involvement. ONDCP is taking steps to address these types of data limitations. For example, ONDCP’s Subcommittee on Data, Research, and Interagency Coordination³² has

³⁰ The Results Act (P.L. 103-62) was enacted in August 1993 to, among other things, improve federal program effectiveness and public accountability. The Results Act requires federal agencies to develop annual program performance plans that (1) describe how the agencies will meet their program goals through daily operations and (2) establish target levels of performance for program activities.

³¹ For a related discussion on this issue, see Performance Budgeting: Initial Experiences Under the Results Act in Linking Plans with Budgets (GAO/AIMD/GGD-99-67, Apr. 12, 1999).

³² This is one of three subcommittees under ONDCP’s Drug Control Research, Data, and Evaluation Advisory Committee.

recently completed a federal drug-related data needs assessment and an inventory of federal drug-related data sources. ONDCP has also included \$3.3 million in its fiscal year 2000 budget request to fund data development activities. ONDCP expects that all of the targets identified in the 1999 PME report will be measurable within 3 years.

Second, it is not yet clear how ONDCP will use the PME information during its budget certification process. Agency officials we talked to raised concerns that PME targets may become a way to judge the performance of individual drug control agencies. ONDCP officials have stated, however, that the PME data will not be used in this manner, but rather these data will be used to assess the effectiveness of the National Strategy and the PME framework itself. During the fiscal year 1999 drug budget certification process, ONDCP did not use performance data as criteria, but rather it focused on overall dollar amounts and specific program initiatives that agencies were expected to address in their budgets. For fiscal year 2000, ONDCP's budget guidance requested that drug control agencies format their budget submissions so that proposed spending was broken out by performance target. However, ONDCP officials indicated that they have not yet decided how PME information will be integrated into the certification process in future budget cycles. They believe that identifying a direct connection between the funding request and the associated PME performance target will allow ONDCP to make more informed recommendations to the agencies about where they should focus their drug control funds.³³ ONDCP expects that a decision on this issue will likely be made by calendar year 2001, the point at which ONDCP estimates data will be available to measure progress towards all of the previously established performance targets.

Finally, there is not yet a clear connection between agency performance goals and targets, as described in the PME, and those required to be included in agencies' annual performance plans under the Results Act. In 1998, ONDCP reported that agency annual progress reports under the Results Act should reflect progress toward achieving the national (i.e., PME) targets. In the 1999 PME report, however, ONDCP acknowledges that the measures in PME are generally more aggressive than those included in individual agency performance plans. Nonetheless, the 1999 PME report goes on to state that

³³ For a broader discussion of the issues associated with linking performance goals and resource requests, see *Performance Budgeting: Past Initiatives Offer Insights for GPRA Implementation* (GAO/AIMD-97-46, Mar. 27, 1997).

“Agencies are required to track their own performance through their Government Performance and Results Act plans, which should include aspects of their own specific drug control missions. The plans should be consistent with the [National] Strategy and the PME system.”

For the four selected departments and agencies we reviewed, we compared performance measures from their 1999 Results Act performance plans with performance measures developed under the PME system. We found that the Results Act plans may be inconsistent with or contain less specific information than is presented in the PME system. For example:

- DEA’s fiscal year 1999 annual performance plan contains strategic goals and strategies for achieving those goals that parallel goals and objectives described in the PME system. For example, DEA’s plan contains a strategic goal of disrupting and dismantling drug trafficking organizations, which corresponds to two similar PME objectives. The PME performance targets for these two objectives are very specific about achieving percentage increases in numbers of organizations disrupted or dismantled over 5- and 10-year periods. DEA’s corresponding annual goals—increasing arrests, removals, and seizures; increasing foreign operations; and disrupting drug traffickers—are less specific and output-oriented, although they are expected to result in the outcomes of reduced trafficking capability, disruption and dismantling of trafficking organizations, and enhanced international coordination and intelligence collection. In addition, DEA’s plan lacks specific performance targets upon which to gauge progress towards these annual goals or outcomes.
- Treasury’s fiscal year 1999 annual performance plan contains the goal to reduce trafficking, smuggling, and use of illicit drugs. Customs is the primary Treasury agency responsible for achieving this goal, which roughly corresponds to PME goal number 4, objective 1: conduct flexible operations to detect, disrupt, deter, and seize illegal drugs in transit to the United States at U.S. borders. Both the annual performance plan and PME establish targets for specific drugs, although (1) the data sources identified to measure progress towards the targets are slightly different and (2) Customs’ targets focus on single-agency outputs (increased drugs seized) while ONDCP’s focus on multiagency outcomes (reduced flow of drugs).³⁴

³⁴ For fiscal year 2000, Customs’ performance plan included an outcome performance measure for its narcotics objective—Drug Smuggling Organizations’ Transportation Costs. Although a baseline has not yet been established, Customs anticipates the target to be a 3 percent increase in such costs by fiscal year 2004.

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- SAMHSA's fiscal year 1999 annual performance plan contains an initiative that directly responds to PME goal number 1, objective 2—pursue a vigorous public advertising and communication program dealing with the dangers of illegal drugs. For both, the expected outcome is to increase the percentage of youth who consider illegal drugs to be harmful. Although similar overall, differences can be seen in the performance targets identified and data sources used to measure progress towards the targets. PME has identified as a target an increase in 20 percent, by 2002, in the percentage of youth perceiving great risk in using marijuana; while SAMHSA's 2002 target is to reduce, by 25 percent, past month usage of marijuana by youths. PME's data source measures survey responses of 12th graders; while SAMHSA's separate data source measures survey responses of 12- to 17-year olds.³⁵
 - DOD's fiscal year 1999 performance plan does not specifically address goals for counterdrug activities, which make up only a small fraction of DOD's overall budget. The plan did identify a quantitative performance measure for drug interdiction and counterdrug activity—tons of cocaine seized—but did not identify a baseline to measure against or a performance target to be achieved.³⁶ According to DOD officials, the Office of Drug Enforcement Policy and Support has linked its counterdrug planning, programming, and budgeting system to the goals, targets, and measures in ONDCP's PME system. The Office of Drug Enforcement Policy and Support tracks the relative performance of DOD systems employed in counterdrug efforts. The officials said these statistics are then used to evaluate overall program effectiveness and support DOD budgetary decisions.

Agency officials have told us that currently more interest lies in performance measurement and reporting required by the Results Act, rather than the PME system. As a result, they are primarily focused on responding to the concerns of their departments and congressional oversight and appropriations committees, with respect to the Results Act. However, as part of ONDCP's 1998 reauthorization legislation, Congress strongly endorsed the national drug control performance measurement

³⁵ According to HHS officials, SAMHSA's fiscal year 2000 performance plan included two long-term substance abuse objectives, which are closely linked to the PME system. In addition, the officials noted, SAMHSA has developed a core set of client outcome measures, some of which are closely linked to the client outcomes called for in the PME.

³⁶ For fiscal year 2000, DOD's performance plan eliminated this performance measure and identified the counterdrug effort as a "cross-cutting program" based on its interagency focus.

system.³⁷ Further, ONDCP is specifically required to design the system so that it (1) monitors consistency between the goals and objectives of drug control agencies and (2) ensures that their goals and budgets support and are fully consistent with the National Drug Control Strategy. As stated in the 1999 PME report, ONDCP expects that, as PME working groups develop the interagency action plans, elements of the action plans will eventually be fully reflected in agency budgets and Government Performance and Results Act plans.

Conclusions

ONDCP's fiscal year 1999 budget certification process appears consistent with the requirements of the Anti-Drug Abuse Act of 1988. Certification allows ONDCP to influence agency drug budgets early in the budget development process and bring any drug budget shortfalls to the attention of budget decisionmakers. Because certification is only the first phase of the drug budget development process, funding issues or disagreements that cannot be resolved during the certification phase can still be addressed through ONDCP's continuing input into the congressional appropriations process.

ONDCP's PME system appears to provide a framework for bringing greater accountability to the nation's drug control efforts. In light of Congress' recent interest in measuring the effectiveness of the nation's drug control efforts, ONDCP's approach to fully implement the PME system by (1) addressing existing limitations in performance measurement data and (2) examining ways to integrate PME performance data into the budget certification process seems appropriate. Because the PME system has been just recently implemented, additional assessment would be necessary to determine whether the system is fully functional, is achieving its designed purpose, and has been integrated with department and agency processes required under the Results Act.

Agency Comments and Our Evaluation

We provided a draft of this report to the Director of ONDCP; the Attorney General; and the Secretaries of the Treasury, HHS, and Defense for comment. We received oral and written comments during the period of April 14 to 27, 1999, from the Director, ONDCP; the Chief Inspector, Inspection Division, DEA; the Assistant Commissioner, Office of Investigations, Customs Service; the Inspector General, HHS; and the Deputy Assistant Secretary for Drug Enforcement Policy and Support, DOD. Their comments and our responses are summarized below.

³⁷ Office of National Drug Control Policy Reauthorization Act of 1998 (title VII of P.L. 105-277), section 706(c).

ONDCP concurred with the report and provided technical clarifications, which we have incorporated in the report where appropriate. In its comments on the budget certification process and the PME system, ONDCP noted that:

- The budget authorities we reviewed have been renewed as part of the Office of National Drug Control Policy Reauthorization Act of 1998. ONDCP will continue its efforts to guide the development of agency drug control programs through the annual drug budget certification process.
- The PME system will be refined during fiscal year 1999, as ONDCP addresses some of the important issues raised in this report. In particular, ONDCP intends to make significant progress this year to better link the PME system with the drug budget.

DEA expressed concern about our suggestion that DEA's 1999 performance plan was less specific and output-oriented, and lacked measurable targets upon which to gauge progress towards the annual goals of the Performance Measures of Effectiveness. DEA stated that its performance plan directly supports DOJ's Strategic Plan, which itself was designed to meet the goals and objectives of the National Drug Control Strategy. We agree that DEA's 1999 performance plan contains strategic goals and strategies for achieving those goals that parallel goals and objectives described in the PME system, and we have stated so in this report. However, DEA's annual goals as stated in the plan are less specific than those in the PME system, the goals do not include specific performance targets for either outputs or outcomes, and the performance plan does not identify performance measures that will be used to track progress towards the goals. This approach is inconsistent with the Results Act, which requires performance plans to contain objective, quantifiable, and measurable performance goals, as well as performance indicators to measure outputs and outcomes.

Customs, HHS, and DOD concurred with the report and also provided technical comments and clarifications, which have been incorporated in the report where appropriate.

We are sending copies of this report to Representative Patsy T. Mink, Ranking Minority Member, House Subcommittee on Criminal Justice, Drug Policy, and Human Resources; and to Senator Strom Thurmond, Chairman, and Senator Charles E. Schumer, Ranking Minority Member, Senate Subcommittee on Criminal Justice Oversight. We are also sending copies of this report to Barry R. McCaffrey, Director, Office of National Drug Control Policy; The Honorable William S. Cohen, Secretary of Defense;

The Honorable Donna E. Shalala, Secretary of Health and Human Services; The Honorable Janet Reno, Attorney General; The Honorable Robert E. Rubin, Secretary of the Treasury; and The Honorable Jacob Lew, Director, Office of Management and Budget. This report also will be made available to others upon request.

Major contributors are listed in appendix II. If you have any questions, please contact me on (202) 512-8777.

Sincerely yours,

A handwritten signature in black ink that reads "Norman Rabkin". The signature is written in a cursive style with a large initial "N" and a long, sweeping underline.

Norman J. Rabkin
Director, Administration
of Justice Issues

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Abbreviations

CIA	Central Intelligence Agency
DEA	Drug Enforcement Administration
DOD	Department of Defense
DOJ	Department of Justice
FBI	Federal Bureau of Investigation
HHS	Department of Health and Human Services
OMB	Office of Management and Budget
ONDCP	Office of National Drug Control Policy
PME	Performance Measurement Effectiveness
SAMHSA	Substance Abuse and Mental Health Services Administration

Objectives, Scope, and Methodology

The former Chairman of the House Government Reform and Oversight Subcommittee on National Security, International Affairs, and Criminal Justice¹ asked us to examine the role of the Office of National Drug Control Policy (ONDCP) in shaping the national drug control budget. In discussions with the Subcommittee staff, we specifically agreed to

- assess whether the process ONDCP followed to certify federal agencies' drug control budgets for fiscal year 1999 was consistent with statutory requirements and
- describe the system ONDCP has developed to assess the extent to which drug control agencies and programs achieve intended results.

Our work on the budget certification process focused specifically on the fiscal year 1999 drug budget cycle. For that year, we documented the certification process followed by ONDCP and verified that certification letters were issued for all drug control departments or agencies identified by ONDCP as requiring certification. Regarding agency and program results, our work focused on ONDCP's recently established system—Performance Measures of Effectiveness—for assessing the effectiveness of the National Drug Control Strategy.

In addressing the objectives, we did our work primarily at ONDCP headquarters in Washington, D.C. To obtain additional perspectives about both the drug budget certification process and ONDCP's Performance Measures of Effectiveness, we also reviewed the following four departments and agencies in more detail: (1) the Drug Enforcement Administration (within the Department of Justice), (2) U.S. Customs Service (within the Treasury Department), (3) Substance Abuse and Mental Health Services Administration (within the Department of Health and Human Services), and (4) the Department of Defense. We selected these four departments based on the requester's interest; we chose the specific agencies because they are key component drug control agencies within those departments.

To describe the process by which ONDCP certifies federal agencies' drug control budgets, we focused on the fiscal year 1999 budget cycle. We interviewed officials in ONDCP's Programs, Budget, Research, and Evaluation Division, as well as officials from ONDCP's operational divisions, including Demand Reduction, Supply Reduction, and State and

¹ With the beginning of the 106th Congress, the committee and subcommittee were renamed to the Committee on Government Reform and the Subcommittee on Criminal Justice, Drug Policy, and Human Resources.

Local Affairs. We reviewed the legislation governing the ONDCP budget certification process, including changes resulting from ONDCP's 1998 Reauthorization Act. We further obtained and reviewed all relevant internal and interagency correspondence relating to the certification process, including ONDCP guidance and policy, agency budget submissions, and ONDCP certification letters. In addition to these reviews, we also interviewed budget and program officials at DEA, Customs, DOD, and SAMHSA.

To describe the system ONDCP has developed to assess the extent to which drug control agencies and programs achieve intended results, we interviewed officials from ONDCP and the other federal drug control agencies noted above and reviewed relevant documents provided by these agencies. We reviewed ONDCP's National Drug Control Strategy (1997, 1998, and 1999) and ONDCP reports on Performance Measures of Effectiveness (1998 and 1999). We also reviewed Government Performance and Results Act plans for the agencies noted above and compared the performance measures identified in their fiscal year 1999 performance plans with those measures included in ONDCP's Performance Measures of Effectiveness system.

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