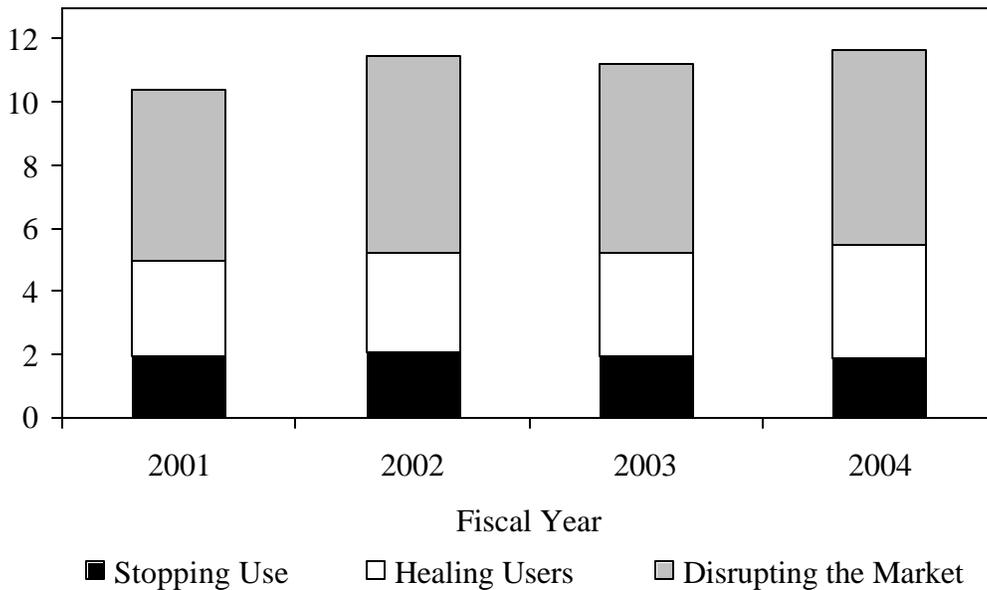


## I. EXECUTIVE SUMMARY

The President's FY 2004 Budget provides the necessary resources to reduce drug use in America. The budget includes funding for each of the *Strategy's* principal priorities. Critical support continues for Priority I of the *Strategy* – Stopping Drug Use Before it Starts. Resources are provided to help teach young people how to avoid drug use. In addition, significant new funding also is provided for Priority II of the *Strategy* – Healing America's Drug Users. This priority emphasizes the crucial need for family, friends, and people with shared experiences to interceded with and support those fighting to overcome substance abuse. Drug users also need the support of institutions and the people who run them – employers, law enforcement agencies, faith communities, and health care providers – to help identify them as drug users and direct those who need it into drug treatment. The budget strongly reinforces these efforts. Further, Priority III of the *Strategy*, Disrupting the Market, addresses the drug trade as a business. Every action that makes this business more costly and less profitable is a step toward “breaking” the market. The budget emphasizes this approach through key enhancements to federal law enforcement activities.

In total, funding recommended for FY 2004 is an estimated \$11.7 billion, an increase of \$440.3 million (+3.9 percent) over the President's FY 2003 request of \$11.2 billion (Figure 1). Funding by Executive Department, consistent with the revised drug budget structure announced in February 2002, is displayed in Table 1.

**Figure 1: National Drug Control Budget (\$ Billions)**



As reflected in the accompanying table, demand reduction efforts by the Department of Health and Human Services (HHS) will fund innovative approaches for drug treatment. In particular, the President's Budget includes new funding of \$200 million for treatment vouchers. The budgets for HHS, Department of Education, and Office of National Drug Control Policy (ONDCP) also provide funding for basic research on drug use and continue, prevention efforts aimed at children and adolescents. Resources for supply-reduction programs in the Departments of Homeland Security, Justice, State, and Defense will continue enforcement operations targeting domestic sources of illegal drugs, enhance interdiction efforts along trafficking routes to the United States, support security along the Southwest Border, and aid efforts in Colombia, the Andean region, and Mexico.

**Table 1: Drug Spending by Department**

Budget Authority (\$ Millions)

<u>Department</u>	<u>FY 02 Final</u>	<u>FY 03 Request</u>	<u>FY 04 Request</u>	<u>FY 03-04 Change</u>	<u>% Change</u>
Defense	852.6	871.9	817.4	(54.5)	(6.3%)
Education	669.3	634.3	584.3	(50.0)	(7.9%)
HHS	3,189.6	3,332.6	3,570.9	238.4	7.2%
Homeland Security	1,793.3	1,867.9	2,041.9	174.1	9.3%
Justice	2,941.5	2,460.1	2,565.8	105.8	4.3%
ONDCP	528.1	523.1	523.6	0.5	0.1%
State	871.9	877.5	876.9	(0.6)	(0.1%)
Veterans Affairs	635.7	663.7	690.5	26.7	4.0%
Other Presidential Priorities	3.0	8.0	8.0	0.0	0.0%
Total	11,485.0	11,239.0	11,679.3	440.3	3.9%

### **Funding by Major Initiative**

#### **Stopping Use Before It Starts: Education and Community Action**

- ONDCP—National Youth Anti-Drug Media Campaign: \$170 million.** The fiscal year 2004 President's Budget continues funding for ONDCP's Media Campaign, which uses paid advertising and grassroots public outreach to educate the nation's families, parents, and youth about drug use and its consequences. Targeted, high-impact media messages—at both the national and local levels—seek to reduce drug use through changes in adolescents' perceptions of the danger and social disapproval of drugs. In a continuing effort to reach the nation's youth, the Media Campaign has recently undergone a significant revision and instituted a new strategy. This new strategy requires testing of all television advertising for effectiveness before airing; a shift of the youth target audience to focus on ages 14–16, the years during which youth appear to be at greater risk for initiating drug use; reduction in the number of youth-strategic message platforms from three to two, for a more focused

approach; modification of the Media Campaign to focus primarily on the prevention of marijuana use by youth; more oversight by ONDCP in the creative/ad development process; and a harder-hitting ad style.

- **ONDCP—Drug-Free Communities Program: \$70 million.** This program assists community groups in forming and sustaining effective community and anti-drug coalitions that fight the use of illegal drugs. These coalitions work toward reducing substance abuse among youth and strengthening collaboration among organizations and agencies in both the private and public sectors, and serve as catalysts for increased citizen participation in strategic planning to reduce drug use over time. In addition, Drug-Free Community coalitions are expected to synthesize data from all available sources to better document the nature and extent of local drug problems, including the underage use of alcohol and tobacco and any use of illicit drugs and inhalants. To further the efforts of these important coalitions, the Administration proposes an increase of \$10 million over the FY 2003 requested level.
- **Education—Safe and Drug-Free Schools and Communities (SDFSC) Program: \$694 million (\$584 million drug-related).** The FY 2004 President’s Budget determined that this program is ineffective, and recommends the investigation of new strategies for measuring program performance and distributing funds. The budget makes a modest reduction in funding for this school-based drug prevention program, which reaches young people in most of the nation’s school districts, until the program can demonstrate results. SDFSC funds are appropriated directly for State Grants and National Programs. State Grants provide funding to all 50 governors and state education agencies. As part of the National Programs budget in FY 2004, \$8 million is requested for a competitive grant program that will provide for drug testing, assessment, referral, and intervention. Drug testing has been shown to be effective at reducing drug use in schools and businesses across the country. This funding will expand drug testing efforts initiated by the Department of Education in FY 2003.
- **Corporation for National and Community Service—Parents Drug Corps Initiative: \$5 million.** This initiative will establish a program to support and encourage parents to help children stay drug-free. This program will provide matching funds to national parents’ organizations to train thousands of parents nationwide in how to reduce drug abuse and form parent drug prevention groups.

### **Healing America’s Drug Users: Getting Treatment Resources Where They Are Needed**

- **Substance Abuse and Mental Health Services Administration (SAMHSA) – President’s Drug Treatment Initiative: +\$200 million.** The President has committed to add \$1.6 billion to the drug treatment system over five years. As part of this effort, the FY 2004 Budget includes new funding of \$200 million in indirect aid for substance abuse treatment and other supportive services. People in need of treatment, no matter where they are – emergency rooms, health clinics, the criminal justice system, schools, or the faith community – will receive an evidence-based assessment of their treatment need and will be issued vouchers for the cost of providing that treatment.

- **Office of Justice Programs—Drug Courts Program: \$68 million.** The Administration proposes an increase in the Drug Courts program of \$16 million above the FY 2003 requested level. This enhancement will expand the number of drug courts; increase retention in, and successful completion of, drug court programs by expanding the scope and improving the quality of drug court services; and generate drug court program outcome data. Successful drug courts provide alternatives to incarceration by using the coercive power of the court to force abstinence and alter behavior with a combination of escalating sanctions, mandatory drug testing, treatment, and strong aftercare programs.
- **National Institute on Drug Abuse (NIDA): +\$36 million.** This proposed increase would enable NIDA to fund ongoing commitments, undertake research collaborations with other National Institutes of Health organizations, and embark on new initiatives to advance treatment and prevention. NIDA projects that are instrumental in helping to meet the drug use reduction goals outlined by the President include the National Prevention Research Initiative, National Drug Abuse Treatment Clinical Trials Network, and Research-Based Treatment Approaches for Drug Abusing Criminal Offenders.

### **Disrupting the Market: Attacking the Economic Basis of the Drug Trade**

- **Drug Enforcement Administration (DEA)—Priority Targeting Initiative: +\$39 million.** This proposal includes 329 positions to implement DEA’s plan for addressing the nation’s illegal drug threats. This initiative will target Priority Drug Trafficking Organizations involved in the manufacture and distribution of illegal drugs, as well as those involved in the diversion of precursor chemicals used to manufacture these products.
- **Organized Crime Drug Enforcement Task Forces (OCDETF) Program—**The FY 2004 Budget restructures the OCDETF program by consolidating funding within the Department of Justice. In addition, the budget includes resources for the following initiatives to strengthen these critical interagency investigations:
  - **Automated Tracking Initiative: +\$22 million.** This proposal will establish the automated capacity, using existing Foreign Terrorist Tracking Task Force technology, to rapidly scan, analyze, and disseminate the voluminous drug investigative information of participating OCDETF agencies. This capacity is especially important in identifying components of those organizations on the Attorney General’s CPOT list.
  - **Consolidated Priority Organization Target List (CPOT) Initiative: +\$26 million.** This proposal includes 192 positions to generate and advance investigations of command and control targets linked to the Attorney General’s CPOT list. The requested funds will provide agents, analysts, and Assistant U.S. Attorneys dedicated to CPOT-linked investigations.
  - **Financial and Money Laundering Initiative: +\$10 million.** This enhancement includes 83 positions to expand OCDETF financial and money laundering investigations. This improvement will fund financial investigative efforts, including intelligence

gathering, document exploitation, and undercover operations. It also will support financial analysts dedicated to analyzing traffickers' financial information and uncovering their assets.

- **Container Security Initiative (CSI): +\$62 million.** This proposed increase will expand Border and Transportation Security's (BTS) CSI presence in 20 seaports by the end of FY 2004. CSI is a program designed to minimize the risk that a terrorist organization could ship a weapon of mass destruction to the United States in a sea container. High-risk containers are targeted and screened at foreign ports by BTS personnel and their foreign counterparts before these containers are shipped to the U.S. Although the main focus of CSI is counterterrorism, the increased BTS presence in seaports will benefit the counterdrug mission as well.
- **Border Security Technology and Equipment: +\$119 million.** This proposed increase will fund the purchase of non-intrusive inspection technology and related equipment by BTS. While this enhancement is largely counterterrorism, it will also benefit the counterdrug effort.
- **U.S. Coast Guard -- Integrated Deepwater System: \$500 million.** This request continues support for the Coast Guard's Deepwater Project. This effort focuses on the re-capitalization and modernization of the Coast Guard's aging and obsolete assets, including cutters, aircraft and command centers. Although only a portion of this initiative is related to drug control, the re-capitalization of these assets will enhance Coast Guard's ability to conduct counterdrug activities.
- **Department of State—Andean Counterdrug Initiative: \$731 million.** The FY 2004 request maintains funding to support various programs in Colombia, Bolivia, Peru, and the Andean region. This initiative includes resources for critical drug law enforcement programs, as well as other efforts associated with security in drug-producing areas, illicit crop reduction, alternative development, institution building, the administration of justice, and human rights programs. For Colombia, funding includes several broad categories to include operations and maintenance of air assets, Colombian National Police and Army Counterdrug Mobile Brigade operational support, and crop eradication programs. This request also supports USAID-implemented humanitarian, social, economic, and alternative development programs, as well as support for vulnerable groups and resources for justice sector reform projects.
- **Department of Defense—Expanded Support to Colombia: +\$25 million.** This initiative adds \$25 million to current funding of close to \$116 million in support of counterdrug activities in Colombia. The expanded support will be used to fund various programs to conduct a unified campaign against both terrorism and drugs. These programs include counternarcotics training for Colombian ground and aviation units, riverine and coastal interdiction support activities and training, and improvements to intelligence, surveillance, and reconnaissance capabilities.

## Restructured National Drug Control Budget

The FY 2004 National Drug Control Budget reflects a significant restructuring from prior years. This modified display was outlined in the Fiscal Year 2003 Budget of the President. These changes also were highlighted in the FY 2003 *Budget Summary* that accompanied the *National Drug Control Strategy*. The modified drug budget was put in place on May 30, 2002 through two government-wide circulars issued by ONDCP – *Budget Formulation* and *Budget Execution*. Together, these circulars define the new drug control budget account structure by department, bureau, and program. These circulars are included as appendices to this document. To the maximum extent possible, resources included in this, and future drug budgets, will now tie directly to identifiable line items in the Budget of the President or to agency budget justifications for Congress, accompanying the budget.

In addition, several accounts previously included in the Drug Control Budget are no longer displayed. Some accounts are omitted because drug funds in those accounts were either very small portions of the agency's budget; e.g., drug funding in the National Park Service represented about 0.4 percent of the agency's total budget. Others accounts are not displayed because the reported drug-related spending was simply a derivation from the agency's budget, which provided a gross estimate of a secondary cost of drug use (e.g., approximately 60 percent of the Bureau of Prisons budget was previously reported as drug spending because that portion of federal prisoners were serving a sentence due to a drug conviction.)

The drug budget now reflects only those expenditures aimed at reducing drug use, rather than those associated with the consequences of drug use. These latter costs will continue to be periodically reported by ONDCP in the *Economic Costs of Drug Abuse in the United States*. The modified drug budget, as presented in this volume, provides a more realistic basis for policymakers to consider tradeoffs between spending for prevention, treatment and law enforcement programs.

This *Budget Summary* is a technical companion to the *National Drug Control Strategy*. It is prepared as a helpful reference document, as part of ONDCP's continuing efforts to keep policymakers and the public apprised of important federal drug control programs and priorities. In addition to a brief description of key FY 2004 budget initiatives, other sections of this volume include detailed tables summarizing FY 2002 to FY 2004 drug control funding (Section II) and a bureau-by-bureau explanation of drug control funding proposed for FY 2004 (Section III).