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**Folder Title:**  
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THE WHITE HOUSE

WASHINGTON

January 28, 1991

Dear Key Contact:

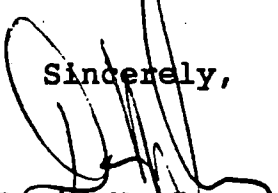
As you know, on November 23, 1990, President Bush announced his intention to nominate Florida Governor Bob Martinez as the second National Drug Control Policy Director. The confirmation hearings for this nomination will begin soon on Capitol Hill.

Because of your interest, I thought you might find it helpful to have some materials on Governor Martinez's accomplishments.

Governor Martinez's experiences as a teacher, businessmen, mayor and governor make him extremely well qualified to take on this tough job. In 1988, Governor Martinez was the nation's first governor to appoint a state "drug czar" to coordinate anti-drug activities and agencies in Florida. During the Governor's administration, Florida was among the top states in per-capita spending on drug treatment. At the national level, through the National Governors Association, Bob Martinez served as lead governor on substance-abuse and drug-trafficking issues.

I trust you will find the attached information helpful, and, as always, please feel free to contact my office at (202) 456-7730 if I can be of further assistance.

Sincerely,

  
David M. Carney

Special Assistant to the President and  
Director, Office of Political Affairs

# **GOVERNOR BOB MARTINEZ THE PRESIDENT'S CHOICE FOR NATIONAL DRUG CONTROL POLICY DIRECTOR**

***"Few areas of our society have been left untouched by the tragedy of drug abuse and the attendant crime that follows. All of us, regardless of our race, religion, or political beliefs have an obligation to end this menacing problem. I am excited at the challenge of leading the federal anti-drug efforts. President Bush's National Drug Control Strategy is one for all Americans to use and a blueprint for success. Using the skills I have learned as a school teacher, businessman, mayor, and Governor, I look forward to making things better for all Americans and helping to deliver on a promise the President made nearly two years ago when he said: 'This scourge will end.'"***

**- Bob Martinez**

On November 23, 1990, President George Bush announced his intention to nominate Florida Governor Bob Martinez as the second National Drug Control Policy Director. The President called the appointment, "a battlefield promotion...for a leader who has earned his stripes on the front lines. As a former Governor and mayor, Bob (Martinez) will be especially effective in joining hands with state and local leaders. As a teacher who has spent seven years in the classroom, he knows the long-term key to winning this effort is to stop drug use before it starts."

As the southernmost point of the continental United States, Florida has been besieged by illegal drug smuggling and the problems resulting from drug-related crime and use. As Governor, Martinez vigorously responded to the crisis in Florida with some of the nation's most innovative anti-drug policies. His "hands-on" experience at both the state and local levels make him uniquely qualified to tackle the problem at the national level.

Standing on a strong and committed record, Governor Martinez will be a challenging national commander in the fight against drugs, a leader capable of uniting federal, state, and local governments behind an effective and balanced anti-drug strategy.

## REACTION TO THE MARTINEZ NOMINATION

"I think no one will understand the problems of Florida better than Governor Martinez. I would like to see him appointed."  
**Governor Lawton Chiles (D-FL)**

"I think it will be advantageous to Florida...and I believe he is qualified to perform this job."  
**Senator Bob Graham (D-FL)**

"I know Bob Martinez and I like him, and certainly he had a lot of experience with drugs at the state level. ...What we desperately need all over the country is help at the city and state level, because that's where you fight the drug war."  
**Governor Mario Cuomo (D-NY), interview with Larry King, November 30, 1990**

"The job that Bush wants Martinez to do -- bringing together diverse federal bureaucracies for a coordinated mission -- calls for talents that Martinez has displayed throughout his career."  
**The Florida Times-Union editorial, December 1, 1990**

"Congress should have no trouble recognizing that Bob Martinez is qualified to lead the nation's war on drugs."  
**Tampa Tribune editorial, December 1, 1990**

"We have worked with Bob Martinez through all of his years as mayor and Governor. He has been an active member and strong supporter of the Conference of Mayors, the leader of the nation's governors on the drug issue. He has been a tough fighter against the drug traffickers in Florida, a strong anti-drug leader from the earliest days of the drug scourge. And as an educator he knows that the fight against drugs must begin with our children."  
**Thomas Cochran, Executive Director, U.S. Conference of Mayors**

## LEADERSHIP

- Martinez was the first Governor to appoint a state "drug czar" to coordinate anti-drug activities and agencies in Florida. He appointed Douglas Hughes to the job in 1988, a Miami police officer who is applauded as a strong proponent of education and treatment initiatives.

- **Martinez was appointed by President Reagan to the White House Conference on a Drug-Free America in 1987, where national leaders gathered to discuss the fight against drugs. Among other initiatives proposed by the Conference, their recommendations to increase capacity and accountability in the treatment system, drug test throughout the criminal justice system, and enforce a drug-free schools policy with clear sanctions were subsequently included in President Bush's National Drug Control Strategy.**
- **As the National Governors Association's lead Governor on substance abuse and drug trafficking issues, Martinez presented President Bush with a ten-point plan for anti-drug efforts. Released in August 1989, the plan included a drug summit with Latin American leaders, drug-free workplace policies for state and local government workers, and a doubling of federal penalties for the use of a semi-automatic firearm during the commission of a violent crime or drug felony.**
- **Martinez presided as Governor of Florida when the state was evaluated by federal agencies in November 1990 as one of the nation's role models in the drug battle. The exemplary Florida policies include the formal training of teachers in substance abuse education, the use of boot camps as an alternative form of incarceration, and channeling of asset forfeiture funds back into law enforcement activities.**
- **Martinez led Florida in implementing the nation's first comprehensive Drug-Free Workplace program for state government workers. He inaugurated the program by taking the first drug test himself.**
- **Understanding drugs as a security threat, Martinez was one of the first state leaders to bring the resources of the National Guard into the drug fight to assist other agencies in cargo inspections, air reconnaissance, observation and transportation.**
- **Martinez coordinated drug information exchanges with other southern state governors and New York Governor Cuomo, who went to Florida "seeking guidance" because of the "extraordinary success" of Florida's laws.**
- **The Spanish-speaking Governor traveled to Colombia, Bolivia, and Panama to meet with their leaders and support their efforts, especially the Colombian crackdown against the drug lords. He encouraged President Bush to lend full U.S. assistance to the Colombian effort.**

# **BOB MARTINEZ'S FLORIDA RECORD ON FIGHTING DRUGS**

## **Treatment and Prevention**

- During Governor Martinez's tenure, Florida was in the top ten states for per capita spending on drug treatment.
- Between 1987 and 1989, all states increased government support of drug treatment by an average of 23%. Florida increased support for drug treatment by 33% in the same period.
- Between 1986 and 1989, total Emergency Room (ER) drug mentions around the country increased by 33%, while Miami increased by only 9%. Similarly, total Medical Examiner (ME) mentions increased by 19%, at the same time Miami drug deaths decreased by 52%.
- In 1989, Florida drug treatment operated at 91.6% of capacity, much higher than the nationwide utilization rate of 79.4%.
- Under Governor Martinez, Florida has been in the forefront of efforts to develop comprehensive plans and promote interagency coordination of prevention services at both the state and local levels.
- Florida's school children have a safer, healthier learning environment after Governor Martinez created Florida's Drug-Free Zones and then expanded the concept by imposing mandatory minimum sentences on individuals convicted of drug activity near public parks and playgrounds, public housing facilities, colleges and universities.
- Governor Martinez recognized the state's responsibility to protect children from drug-related abuse and neglect by approving a change in the statutory definition of child abuse so that drug-exposed infants would be afforded the same protections as other abused children.
- The Governor also responded to an increase in drug-related AIDS cases by establishing an AIDS Office within the Florida Department of Health and Rehabilitative Services. Currently, 21 drug treatment facilities provide AIDS counseling, testing, and referral services through a cooperative partnership with the state's AIDS Office.

## **Criminal Justice and Drug Testing**

- **Governor Martinez doubled the state's prison capacity, constructing more beds than in the previous 20 years and increasing the prison budget from \$417 million to \$1 billion.**
- **The Governor encouraged using prisoners to build over 14,000 new prison beds, raze crack houses, and maintain highways and parks. This program saved the Florida taxpayers over \$359 million. At the same time, he developed alternative forms of incarceration for non-violent offenders, including boot camps with 47% of the prisoners successfully completing the program and returning back to their communities.**
- **The Governor proposed the expansion of the death penalty provision to include major drug traffickers. This penalty, similar to the Bush Administration's proposal, permits the use of the death penalty for traffickers of large amounts of cocaine and heroin.**
- **Governor Martinez strengthened the criminal justice system by targeting career criminals. His plan, which was passed by the state legislature, resulted in stiffer penalties for repeat offenders. He also fought successfully for the rights of victims through a Victim's Rights Constitutional Amendment.**
- **In addition to substantial increases in drug treatment for all prisoners, the Governor implemented a three-phased treatment program for non-violent offenders. These phases included residential treatment, employment experience, and probationary supervision.**
- **Governor Martinez supported drug testing in a number of areas including prescreening for drivers' licenses, testing of parolees and probationers, as well as truck drivers and state government employees.**
- **He proposed and worked with the state legislature to pass tough user sanctions such as denial of drivers' and professional, business and occupational licenses to felony drug offenders.**
- **The Governor also proposed reduced workers' compensation premiums for employers that implemented drug-free workplace policies and called for a denial of government sector jobs to drug users. He favored the award of government contracts to companies with drug-free workplace programs.**

# National Drug Control Strategy

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## Executive Summary

February 1991

# National Drug Control Strategy Executive Summary

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In accordance with the Anti-Drug Abuse Act of 1988, the President presented the third National Drug Control Strategy to the Congress on January 31, 1991.

The fundamental principle of the National Strategy remains firm: to reduce drug use through a mix of supply and demand policies and programs. Like its predecessors, this Strategy recognizes the key roles of Federal, State, and local governments, the private sector, and communities and individuals across the Nation. The Strategy calls for applying pressure across all fronts of the drug war simultaneously, recognizing that prevention is the only answer in the long run, but that in the short run increased interdiction, international, and law enforcement efforts are necessary, as well as treatment for those currently using drugs.

It declares that as a Nation we must:

- Establish meaningful and effective programs to prevent people from using drugs in the first place.
- Provide effective treatment for those who need it and can benefit from it.
- Hold users accountable for their actions and thereby deter others from using drugs.
- Target and dismantle drug trafficking organizations.
- Prosecute drug dealers and traffickers.
- Punish those convicted of drug crimes.
- Disrupt the flow of drugs, related chemicals, and drug money.
- Engage other nations in efforts to reduce the growth, production, and distribution of drugs.

**Executive Summary**

- Support basic and applied research in behavior, medicine, and technology.
- Improve our intelligence capabilities in order to attack drug trafficking organizations better.

The National Drug Control Strategy established nine detailed goals and objectives. These goals were first set in the 1989 Strategy as targets for 1991. As the following chart shows, these objectives have been met.

<b>NATIONAL DRUG CONTROL STRATEGY NATIONAL OBJECTIVES</b>		
	<b>GOAL</b>	<b>ACTUAL</b>
CURRENT OVERALL DRUG USE	-10%	-11% <sup>3</sup>
CURRENT ADOLESCENT DRUG USE	-10%	-13% <sup>4</sup>
OCCASIONAL COCAINE USE	-10%	-29% <sup>1</sup>
FREQUENT COCAINE USE	50% reduction in rate of increase	-23% <sup>4</sup> actual decline
CURRENT ADOLESCENT COCAINE USE	-20%	-49% <sup>2</sup>
DRUG-RELATED MEDICAL EMERGENCIES	-10%	-18% <sup>5</sup>
DRUG AVAILABILITY	-10%	data not yet available
DOMESTIC MARIJUANA PRODUCTION	-10%	data not yet available
STUDENT ATTITUDES TOWARD DRUG USE	-10%	-28% <sup>6</sup>

<sup>1</sup> Significant at the .01 level. <sup>2</sup> Significant at the .06 level. <sup>3</sup> Significant at the .15 level.  
<sup>4</sup> Significant at the .3 level. <sup>5</sup> No sampling variance. <sup>6</sup> Average of three separate measures;  
 significant at the .01 level.

For Fiscal Year 1992, the Administration is seeking \$11.7 billion in drug-related funding — a \$5.3 billion (82 percent) increase since the beginning of the Administration and a \$1.1 billion (11 percent) increase over Fiscal Year 1991. Additional detail on the National Drug Control Budget is available in the National Drug Control Strategy Budget Summary.

The 1991 Strategy follows the same format as previous Strategies. Seven sections (The Criminal Justice System; Drug Treatment; Education, Community Action and the Workplace; International Initiatives; Border Interdiction and Security; A Research Agenda; and Intelligence and Information Management) present a thorough discussion of issues, policies, and programs related to our national drug control activities. Broad reviews of Federal drug program management issues, budget proposals, High Intensity Drug Trafficking Areas, and recommended model State legislation are included as appendices.

## **Highlights From the February 1991 National Drug Control Strategy**

### **The Criminal Justice System**

#### **Expanded Joint Task Forces**

- \$402 million in total funding for Organized Crime Drug Enforcement Task Forces (OCDETFs) and \$55 million for Drug Enforcement Administration (DEA) State and local task forces (increases of 20 percent and 25 percent compared to FY 1991 respectively).
- Over 400 new Federal agents and attorneys added to the OCDETF program.

#### **Continued High Priority to Domestic Marijuana Eradication Programs**

- Nearly \$90 million for Federal agency efforts to eliminate marijuana on Federal lands.
- \$15 million in DEA funding, training, and investigative support to local government efforts.

## Executive Summary

### **Additional DEA and FBI Agents**

- 134 more DEA agents and 44 more FBI agents than this year, exclusive of those added through OCDETFs.

### **Expanded Federal Prison Capacity**

- Funding for over 2,500 drug-related new beds in the Federal prison system in Fiscal Year 1992.
- 50,000 total beds (drug and nondrug) under design, construction, or in the planning stage in the Federal prison system through 1996.

### **Expanded Resources for Federal Money Laundering Investigations**

- An increase of 102 positions (85 special agent positions) and \$8.8 million for the Internal Revenue Service's OCDETF program and an additional \$1.6 million to expand the intelligence information systems of the Financial Crimes Enforcement Network.

### **Proposed Legislation**

- *Drug Testing* - condition receipt of Federal criminal justice funds upon States adopting drug testing programs in their criminal justice systems.
- *Deporting Aliens* - streamline exclusion of deportation procedures by eliminating some administrative avenues by appeal while fully maintaining the judicial appeals process.
- *Death Penalty* - make the death penalty available in cases involving three additional categories of drug offenders: major drug kingpins; drug kingpins who attempt to kill in order to obstruct justice; and Federal drug felons whose offense results in death.

## Drug Treatment

### **Expanded Treatment System Capacity**

- \$100 million increase in Federal support for treatment capacity, enabling 200,000 more people to receive treatment.
- Explore use of "treatment voucher" experiments, which allow addicts to be treated at private facilities.

- Treatment Campuses to offer a variety of treatment approaches, enhanced treatment capacity, improved treatment quality, and the opportunity to evaluate and compare the efficiency of different treatment methods.
- Approximately \$119 million for treatment programs directed at priority populations such as adolescents, pregnant/postpartum women and their children, and drug users risking or suffering from HIV/AIDS.
- \$21 million increase in funding for treating Federal arrestees, prisoners, probationers, and those on post-incarceration supervised release (a 36 percent increase over 1991).

### **Improved Quality of Treatment**

- Development and testing of promising treatment strategies.
- Evaluation of current treatment methods to see what works.
- Continued research on the effects of drugs on infants and pregnant women.
- Assistance to States in setting and meeting standards of treatment quality and improving treatment for the priority populations noted above.

### **Proposed Legislation**

- *Maintenance of Effort* - ensure that States receiving funds from the Alcohol, Drug Abuse, and Mental Health Services (ADMS) block grant program do not reduce their own drug-related funding below the average amount of such expenditures for the preceding two years.
- *State Treatment and Prevention Plan* - condition the receipt of Federal treatment funds on a State's development and implementation of a coordinated, statewide treatment and prevention plan.

## **Education, Community Action, and the Workplace**

### **Community Drug Prevention**

- \$114 million in Community Partnership Grants to assist communities in developing comprehensive prevention strategies to address drug and alcohol problems — a 14 percent increase over 1991.

## **Executive Summary**

- \$165 million for HUD's Public Housing Drug Elimination Grant program — a 10 percent increase over 1991.

## **Protection for Children**

- Expanded efforts to develop approaches that provide havens for children of addicts.
- Training for criminal justice officials and social workers, child care workers, and foster parents who deal with addicts and their children.

## **Drug-Free Schools**

- Nearly \$500 million to improve drug education in classrooms.

## **Drug-Free Workplace**

- Continued cooperation with the private sector to develop drug-free workplace programs, including information dissemination and research to help employees and employers understand better the impact of drug use in the workplace.
- Continued efforts to achieve a fully implemented drug program — including a drug testing plan — in every Federal agency.

## **Proposed Legislation**

- *Lab Accreditation* - seek high-quality drug testing programs by ensuring that there are high standards of confidentiality and accuracy.

# **International Initiatives**

## **Expanded International Efforts**

- \$125 million increase in military, law enforcement, and economic assistance to Colombia, Peru, and Bolivia.
- Continued diplomatic initiatives to increase hemispheric trade, improve regional and global mechanisms for money laundering and precursor chemical control, and launch joint demand reduction efforts overseas.

### **Increased Assistance to Mexico**

- Continued support of Mexican efforts against drug production and trafficking, particularly along the U.S. Southwest Border.

### **Potential Source and Transit Countries**

- Assistance to potential transit countries in developing their own intelligence capabilities and their ability to act on shared intelligence.
- Encouragement to drug producer and transit countries to strengthen their laws, legal institutions, and programs to apprehend and bring drug traffickers and drug money launderers to justice.

### **Strengthened Financial Crimes Enforcement**

- Continued priority targeting of money laundering and other drug-related financial crimes through the Department of the Treasury's Financial Crimes Enforcement Network (FinCEN) and the multi-agency Drug-Related Financial Crimes Policy Group.
- Improved intelligence on financial activities of drug traffickers, investigation of suspected money launderers, achieving effective regulation at the Federal and State levels, and promoting international cooperation.

## **Border Interdiction and Security**

### **Enhanced Interdiction Activities**

- Improved automated data processing programs at Customs, INS, and the Coast Guard.
- Application of innovative technologies from Federal laboratories and private industry to various interdiction problems including detection of concealed drugs, control of movements across our borders, and enhanced data collection and information processing.
- Additional sanctions for pilots who violate flight planning, entry notification, or border clearance rules, and additional legislation making it a criminal offense to refuse orders of Federal authorities to land an aircraft or bring-to a vessel.

## **Executive Summary**

- Continued vigorous enforcement of laws and pursuit of international cooperation to halt illegal diversion of precursor chemicals, weapons, and explosives to drug traffickers.
- Strengthened law enforcement activities along our Southwest Border.

## **A Research Agenda**

### **Science and Technology**

- Creation of a Counternarcotics Technology Assessment Center within the ONDCP to establish drug-related research and development priorities and to plan for the acquisition and use of advanced drug law enforcement technologies by Federal agencies.
- Upgraded ability of Federal law enforcement agencies to store, retrieve, and manipulate information to understand drug trafficking networks better and to attack them more effectively.

### **Improved Data Collection and Evaluation**

- Improved information systems that measure our national objectives; expanded treatment system data; and intensified treatment and prevention evaluation.
- Quick response and target surveys to provide up-to-date and responsive information for policy use.

### **Biomedical and Behavioral Research**

- Enhance NIDA's strategic planning process to address the research needs identified in previous Strategies.
- Further identify the neural mechanisms by which cocaine operates, and develop medications that can block cocaine euphoria and relieve cocaine cravings.
- Find effective means of persuading drug users, especially intravenous drug users, to enter treatment.
- Support research to define quality treatment and desirable outcomes for clients, identify determinants of quality treatment, and develop accountability standards for treatment delivery.

## Intelligence and Information Management

### **Law Enforcement Drug Intelligence Council**

- Establishment of a Law Enforcement Drug Intelligence Council to coordinate development of drug intelligence collection and analysis requirements. The Administration will also seek ways to accomplish National Drug Intelligence Center missions.

## High Intensity Drug Trafficking Areas

### **Five Areas Designated as HIDTAs**

- Continued support to the five areas designated as High Intensity Drug Trafficking Areas (HIDTAs) in the 1990 Strategy: New York City, Miami, Houston, Los Angeles, and the Southwest Border.
- \$50 million will support the ongoing Federal program in Fiscal Year 1992.
- In addition to the appropriation for HIDTA activities described above, \$1.5 billion for other drug-related programs in the HIDTA areas in Fiscal Year 1992, up from \$1.3 billion in 1991.



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

NATIONAL DRUG CONTROL STRATEGY  
FEBRUARY 1991

FACT SHEET

- o The National Drug Control Strategy recognizes the key roles of Federal, State, and local governments, the private sector, and communities and individuals across the Nation.
- o The Strategy calls for applying pressure across all fronts of the drug war simultaneously, recognizing that prevention is the only answer in the long run, but that in the short run increased interdiction, international, and law enforcement efforts are necessary, as well as treatment for those currently using drugs.
- o It declares that as a Nation we must:
  - Establish meaningful and effective programs to prevent people from using drugs in the first place.
  - Provide effective treatment for those who need it and can benefit from it.
  - Hold users accountable for their actions and thereby deter others from using drugs.
  - Prosecute dealers and traffickers.
  - Punish those convicted of drug crimes.
  - Disrupt the flow of drugs, drug money, and related chemicals.
  - Engage other nations in efforts to reduce the growth, production, and distribution of drugs.
  - Support basic and applied research in behavior, medicine, and technology.
  - Improve our intelligence capabilities in order to attack drug trafficking organizations better.

PROGRESS TO DATE: QUANTIFIED OBJECTIVES

The National Drug Control Strategy lays out nine detailed goals and objectives. These goals were first set in the 1989 Strategy as targets for 1991. These objectives and the progress to date on them are shown in the chart below.

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**NATIONAL DRUG CONTROL STRATEGY  
NATIONAL OBJECTIVES**

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	Goal	Actual
CURRENT OVERALL DRUG USE	-10%	-11% <sup>3</sup>
CURRENT ADOLESCENT DRUG USE	-10%	-13% <sup>4</sup>
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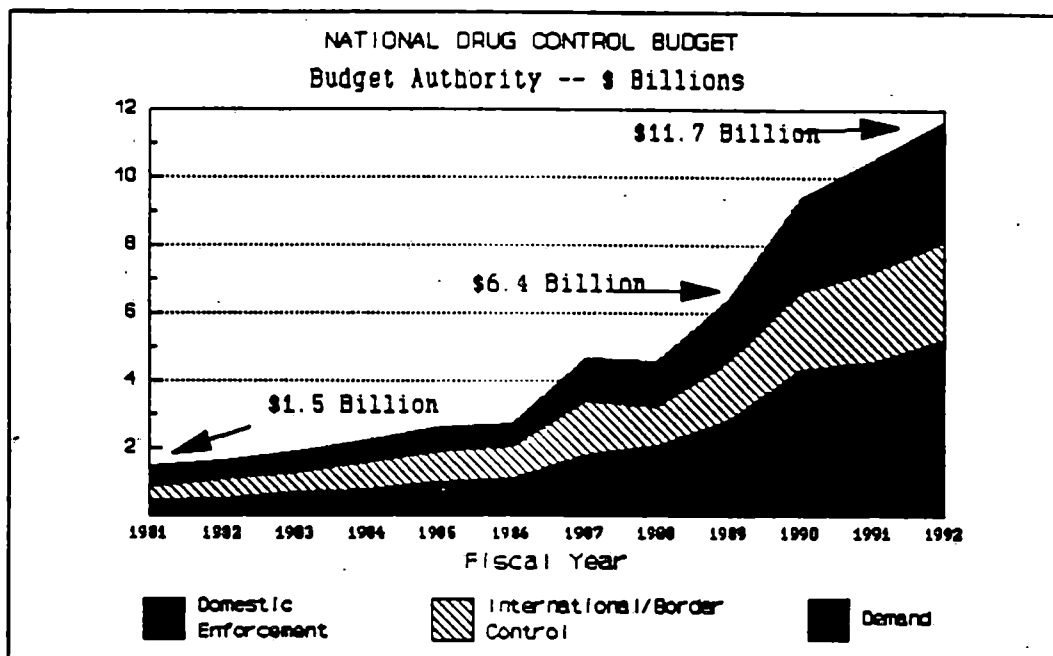
<sup>1</sup>Significant at the .01 level. <sup>2</sup>Significant at the .06 level. <sup>3</sup>Significant at the .15 level. <sup>4</sup>Significant at the .3 level. <sup>5</sup>No sampling variance. <sup>6</sup>Average of three separate measures; significant at the .01 level.

FEDERAL IMPLEMENTATION AND RESOURCE REQUIREMENTS

	(BA in millions of \$)			Increase 91-92	
	<u>1990</u>	<u>1991</u>	<u>1992</u>	<u>\$</u>	<u>%</u>
	Demand Reduction	\$2,784	\$3,279	\$3,539	\$260
Int'l & Border Control	2,252	2,669	2,888	219	8%
<u>Domestic Law Enforcement</u>	<u>4,342</u>	<u>4,572</u>	<u>5,228</u>	<u>656</u>	<u>14%</u>
<b>Total</b>	<b>\$9,378</b>	<b>\$10,521</b>	<b>\$11,655</b>	<b>\$1,134</b>	<b>11%</b>

Detail may not add to totals due to rounding.

- o Federal spending on drug control programs has increased by 700 percent since FY 1981.
- o The FY 1992 request is \$11.7 billion. This is an increase of \$5.3 billion (82 percent) since President Bush took office, and an increase of \$1.1 billion (11 percent) over FY 1991.
- o Drug control programs fall into three major categories: demand reduction, domestic law enforcement, and border control/international initiatives. The chart below displays this spending for FY 1981 - FY 1992.



THE CRIMINAL JUSTICE SYSTEM

	(BA in millions of \$)			Increase 91-92	
	<u>1990</u>	<u>1991</u>	<u>1992</u>	<u>\$</u>	<u>%</u>
	Investigations Courts, Prosecutions, & Corrections	\$1,091	\$1,330	\$1,457	\$126
Other	<u>2,237</u>	<u>1,915</u>	<u>2,438</u>	<u>523</u>	<u>27%</u>
	<u>911</u>	<u>1,124</u>	<u>1,101</u>	<u>-23</u>	<u>-2%</u>
<b>Total</b>	<b>\$4,238</b>	<b>\$4,368</b>	<b>\$4,995</b>	<b>\$627</b>	<b>14%</b>

Detail may not add to totals due to rounding.

To reduce the cultivation, production, transportation, and distribution of drugs we must bring to bear the broad range of the criminal justice system -- law enforcement, judicial, prosecutorial, penal, and intelligence resources.

The focus of the Strategy is on continuing Federal efforts to disrupt and dismantle drug trafficking organizations. It calls upon States and localities to continue to increase the likelihood that those involved with drugs -- whether as dealers, purchasers, or users -- will be held accountable by the criminal justice system.

The Strategy calls on governments at all levels to provide the resources the criminal justice system requires, effectively manage the resources already dedicated to this purpose, and devise creative ways of enforcing the law.

LAW ENFORCEMENT PRIORITIES

- o Expand resources for Federal money laundering investigations.
- o Continue the high priority given domestic marijuana eradication programs.
- o Expand and improve precursor chemical programs.
- o Mobilize law enforcement (especially DEA) and regulatory communities to halt the diversion of licit drugs for illicit purposes.
- o Provide assistance to State and local law enforcement.

- o Expand joint task force efforts (OCDETF and DEA).
- o Encourage States to enhance their asset forfeiture laws so majority of proceeds go to local law enforcement.

#### COURTS, PROSECUTIONS, AND PUNISHMENT PRIORITIES

- o Institute drug testing at every stage of the criminal justice process from the time of arrest through parole. Seek legislation that would condition receipt of Federal criminal justice funds upon States' adopting at least some drug testing programs in their criminal justice systems.
- o Expand the capacity in the U.S. Courts by filling 85 newly authorized judgeships and vacant judgeships and provide sufficient resources to support the judgeships.
- o Augment U.S. prosecutorial efforts.
- o Continue to pursue legislation that would authorize imposition of the death penalty for certain categories of drug offenders.
- o Expand the Substance Abuse Treatment Program of the U.S. Probation Office to increase treatment availability as well as maintain adequate supervision of probationers receiving drug treatment.
- o Urge the States to devote significant portions of their law enforcement funds to expand their ability to prosecute drug criminals.

#### CORRECTIONS SYSTEM PRIORITIES

- o Encourage States to develop and use intermediate punishments and innovative approaches to punishment, such as electronic monitoring and house arrest.
- o Increase Federal prison bed spaces.
- o Increase the availability and quality of Federal prison drug treatment services.
- o Provide Federal technical assistance to help States reduce construction and operating costs of jails and prisons.
- o Streamline the process for deporting criminal aliens so they are deported early in their terms of incarceration.

## DRUG TREATMENT

	(BA in millions of \$)			Increase 91-92	
	<u>1990</u>	<u>1991</u>	<u>1992</u>	<u>\$</u>	<u>%</u>
ADAMHA (HHS)	\$557	\$638	\$707	\$69	11%
Veterans Affairs	304	365	404	39	11%
<u>Other</u>	<u>418</u>	<u>496</u>	<u>544</u>	<u>48</u>	<u>10%</u>
<b>Total</b>	<b>\$1,279</b>	<b>\$1,499</b>	<b>\$1,655</b>	<b>\$156</b>	<b>10%</b>

Detail may not add to totals due to rounding.

Continue the policies outlined in the 1989 and 1990 Strategies and increase the availability and quality of drug treatment services.

EXPAND TREATMENT SYSTEM CAPACITY

- o Increase Federal support for treatment capacity by \$100 million -- triple the increase Congress provided this year (200,000 more people would receive treatment).
- o Seek legislation prohibiting States that receive funding from the Alcohol, Drug Abuse, and Mental Health Services (ADMS) block grant program from reducing their own drug-related funding below the average amount of such expenditures for the preceding two years.
- o Explore use of "treatment voucher" experiments, allowing addicts to be treated at private facilities.
- o Continue the Treatment Campus initiative -- centers that would offer a variety of treatment approaches, enhanced treatment capacity, improved treatment quality, and the opportunity to evaluate and compare the efficiency of different treatment methods.
- o Explore the feasibility of using Job Corps sites to provide trainees who have drug problems both job training and drug treatment simultaneously.
- o Undertake further efforts to promote private insurance coverage of drug treatment:

- Encourage the insurance industry to cover drug treatment other than the currently covered, costly 28-day inpatient programs.
- Work with the States to develop sound standards for admission, care, and program performance.
- o Explore ways to improve Medicaid's coverage of drug treatment through two HHS studies to:
  - Examine the cost effectiveness of the Institutions for Mental Diseases (IMD) exclusion. NOTE: The primary limitation on using Medicaid for drug treatment is that it cannot pay for residential treatment in facilities with over 16 beds for recipients aged 22-64.
  - Allow a few States to waive the IMD exclusion on a demonstration basis in order to provide residential drug treatment services to pregnant women.
- o Work with the States to overcome community resistance to new treatment facility sites. Continue to prosecute landlords who refuse to rent to group homes for recovering drug addicts and municipalities that use zoning laws and building codes to block such homes.
- o Support in-service training of treatment professionals in the latest techniques and methods, and similar training of central intake and referral staff.

#### IMPROVE THE QUALITY OF TREATMENT

- o Encourage Congressional enactment of legislation conditioning the receipt of Federal treatment funds on a State's development and implementation of a coordinated, statewide treatment plan.
- o Develop and test promising treatment strategies.
- o Evaluate current treatment methods to see what works.
- o Continue research on the effects of drugs on infants and pregnant women.

#### CRIMINAL JUSTICE SYSTEM

- o Develop a comprehensive approach to drug treatment in the criminal justice system; identify drug users; refer them to treatment; supervise treatment, aftercare, and monitoring.

- o Improve the ability of the criminal justice system to direct pregnant drug-using women into treatment.
- o Encourage States to use funds from the Department of Justice Block Grant to support the identification and referral to treatment of drug using offenders.
- o Encourage States to develop comprehensive drug testing plans within their criminal justice systems. State drug treatment plans would be required to describe how States will expand drug treatment for individuals in the criminal justice system.

**EDUCATION, COMMUNITY ACTION, AND THE WORKPLACE**

	(BA in millions of \$)			Increase 91-92	
	<u>1990</u>	<u>1991</u>	<u>1992</u>	<u>\$</u>	<u>%</u>
Dept. of Education	\$542	\$610	\$636	\$26	4%
ADAMHA (HHS)	326	396	403	8	2%
HUD	107	150	165	15	10%
<u>Other</u>	<u>243</u>	<u>287</u>	<u>311</u>	<u>25</u>	<u>9%</u>
<b>Total</b>	<b>\$1,217</b>	<b>\$1,442</b>	<b>\$1,515</b>	<b>\$73</b>	<b>5%</b>

Detail may not add to totals due to rounding.

Ultimate success in the war on drugs will come from sound prevention efforts in the community, workplace, and schools. The Federal role is to assist States, localities, and the private sector in these efforts.

- o Increase the number of Community Partnership Program grants to communities to plan comprehensive prevention programs.
- o Support the development of a small number of model community user accountability programs, and expand technical assistance to others.
- o Conduct research and evaluation of what works in drug prevention.
- o Increase Federal coordination and funding to assist HUD in ensuring drug-free public housing.
- o Monitor the implementation of the Drug-Free Schools and Communities Act requirement that all schools adopt and implement comprehensive drug prevention programs. In FY 1992 the Emergency Grant Program (ED) will provide additional funding for grants to communities particularly hard-hit by drugs.
- o Expand efforts to develop models for approaches that provide havens for children of addicts.
- o Support demonstration projects to develop and evaluate effective techniques for teaching drug-impaired children.
- o Support efforts to assist companies -- especially small and medium-sized businesses -- to achieve drug-free workplaces.

- o Continue to track agencies' implementation of Executive Order 12564, which requires drug-free workplace programs. ONDCP will continue its general oversight of this effort.
- o Establish a working group to review national drug testing legislation pending in the Congress and make recommendations.

## INTERNATIONAL INITIATIVES

	(BA in millions of \$)			Increase 91-92	
	<u>1990</u>	<u>1991</u>	<u>1992</u>	<u>\$</u>	<u>%</u>
DEA	\$141	\$166	\$169	\$ 3	2%
INM (State)	130	150	172	22	14%
Economic Assist. (AID)	55	202	289	87	43%
Military Assistance	115	100	141	41	41%
506(a) & EDA	53	21	0	-21	NA
<u>Other</u>	<u>7</u>	<u>7</u>	<u>8</u>	<u>1</u>	<u>14%</u>
<b>Total</b>	<b>\$500</b>	<b>\$647</b>	<b>\$779</b>	<b>\$132</b>	<b>20%</b>

Detail may not add to totals due to rounding.

The international trade in drugs is a threat to our national security. The Strategy focuses our efforts on disrupting and dismantling overseas trafficking enterprises and networks to complement our domestic supply reduction programs and give our demand reduction efforts a better chance of success. The Strategy also calls for extending diplomatic initiatives to increase hemispheric trade, improve mechanisms for money laundering and precursor chemical control, and launch joint demand reduction efforts overseas.

ANDEAN INITIATIVE

In Fiscal Year 1991 the United States provided approximately \$370 million in resources and equipment to the Andean countries, and proposes almost \$500 million for Fiscal Year 1992. Economic assistance will be conditioned on drug control performance and adherence to sound economic policies and respect for human rights.

HEROIN

In the United States, heroin is available at low cost and high purity. However, there is a substantial decline in heroin emergency room mentions (and a smaller drop in coroner reports) over the last year.

- o Cooperate with other countries, to engage their resources to dismantle their own cultivation, refining and ancillary industries, and reduce demand for drugs.

- o Solicit diplomatic assistance to influence producers to which we have limited access (e.g., Laos).
- o Increase efforts at home and abroad against drug organizations to interdict shipments destined for the United States and to strengthen host country law enforcement abilities.

#### POTENTIAL SOURCE AND TRANSIT COUNTRIES

As counterdrug efforts take effect in the Andean Strategy countries, we may see relocation of growing and processing operations, and development of new smuggling routes.

- o Continue to target resources in a cost effective manner with special attention to Panama and Guatemala.
- o Work to develop these countries' ability to provide and benefit from expanded intelligence capabilities.
- o Continue DOD detection and surveillance efforts, while assisting potential transit countries in developing their own intelligence capabilities and their ability to act on shared intelligence.
- o Encourage drug producer and transit countries to strengthen their laws, legal institutions, and programs to apprehend and bring drug traffickers and drug money launderers to justice.
- o Increase law enforcement and other programs with Mexico as the transit country of principal concern.

**BORDER INTERDICTION AND SECURITY**

	(BA in millions of \$)			Increase	
	1990	1991	1992	91-92	
				\$	%
Customs	\$488	\$453	\$495	\$42	9%
Department of Defense	543	776	825	50	6%
Coast Guard	661	715	699	-16	-2%
<u>Other</u>	<u>59</u>	<u>79</u>	<u>90</u>	<u>10</u>	<u>13%</u>
<b>Total</b>	<b>\$1,752</b>	<b>\$2,023</b>	<b>\$2,109</b>	<b>\$86</b>	<b>4%</b>

Detail may not add to totals due to rounding.

The goal of interdiction is to deter drug smuggling by intercepting, disrupting, and destroying the products, communications, transportation, and proceeds of the illegal drug business. To achieve this goal the Strategy will:

- o Improve coordination and cooperation among Federal law enforcement officials and streamline the lines of command for interdiction operations to increase pressure against traffickers in the air, on land, and at sea.
- o Transfer Customs aerostats to DOD in Fiscal Year 1991.
- o Propose additional sanctions for pilots who violate flight planning, entry notification, or border clearance rules, and additional legislation making it a criminal offense to refuse orders of Federal authorities to land an aircraft or bring-to a vessel.
- o Enhance Customs land interdiction activities, including increased Southwest Border inspections.
- o Augment Immigration and Naturalization Service efforts at and between ports of entry by increasing personnel, equipment, and inspection facilities.
- o Improve the automated data processing programs of Customs, INS, and the Coast Guard.
- o Apply innovative technologies from Federal laboratories and private industry to various interdiction problems including detection of concealed drugs, controlling movements across our borders, and enhancing data collection and information processing.

- o Continue vigorous enforcement of laws and pursue international cooperation to halt illegal diversion of precursor chemicals.
- o Improve intelligence on financial activities of drug traffickers, investigating suspected money launderers, achieving effective regulation at the Federal and State levels, and promoting international cooperation.
- o Continue to restrict the movement of weapons and explosives from the United States and deny their use to drug traffickers.
- o Provide additional resources to disrupt drug trafficking on our Southwest Border.

## RESEARCH AGENDA

	(BA in millions of \$)			Increase 91-92	
	<u>1990</u>	<u>1991</u>	<u>1992</u>	<u>\$</u>	<u>%</u>
ADAMHA (HHS)	\$286	\$337	\$367	\$31	9%
Department of Defense	12	59	77	18	30%
<u>Other</u>	<u>30</u>	<u>39</u>	<u>43</u>	<u>4</u>	<u>10%</u>
<b>Total</b>	<b>\$328</b>	<b>\$435</b>	<b>\$488</b>	<b>\$53</b>	<b>12%</b>

Detail may not add to totals due to rounding.

The Strategy establishes an ambitious Federal commitment to long-term research in the fields of drug treatment, education and prevention, criminal justice, and drug use. Even more pointed efforts will be made to develop better information for national policy decisionmaking, better technology in support of drug law enforcement initiatives, and better medical techniques to treat the effects of drug use.

SCIENCE AND TECHNOLOGY

- o Establish a Counternarcotics Technology Assessment Center within the ONDCP in accordance with legislation.
- o Encourage transfer of technology to drug enforcement agencies or activities, and increased participation of private sector, industry, and academic facilities in the technology acquisition process.
- o Upgrade Federal Law enforcement agency abilities to store, retrieve, and manipulate information to understand drug trafficking networks better and to attack them more effectively.

DATA COLLECTION AND EVALUATION

- o Get better data for policymakers by improving and expanding the National Household Survey on Drug Abuse, the High School Senior Survey, the Drug Abuse Warning Network (DAWN), and the Drug Use Forecasting Program (DUF).
- o Establish quick response and target surveys to provide up-to-date and responsive information for policy use.

- o Improve drug treatment data to guide the allocation of treatment resources.
- o Undertake scientifically designed and controlled evaluations of new and promising treatment methods, and determine "what works" in prevention.
- o Collect information on Federal drug-related law enforcement activities parallel to that which State and local law enforcement agencies now report.

#### BIOMEDICAL AND BEHAVIORAL RESEARCH

- o Enhance NIDA's strategic planning process to address the research needs identified in previous Strategies.
- o Further identify the neural mechanisms by which cocaine operates, and develop medications that can block cocaine euphoria and relieve cocaine cravings.
- o Find effective means of persuading drug users, especially intravenous drug users, to enter treatment.
- o Support research to define quality treatment and desirable outcomes for clients, identify determinants of quality treatment, and develop accountability standards for treatment delivery.

**INTELLIGENCE AND INFORMATION MANAGEMENT**

	(BA in millions of \$)			Increase 91-92	
	<u>1990</u>	<u>1991</u>	<u>1992</u>	<u>\$</u>	<u>%</u>
DEA	\$39	\$53	\$57	\$4	7%
FinCEN (Treasury)	0	17	18	2	10%
<u>Other</u>	<u>26</u>	<u>38</u>	<u>39</u>	<u>2</u>	<u>4%</u>
<b>Total</b>	<b>\$65</b>	<b>\$108</b>	<b>\$114</b>	<b>\$7</b>	<b>6%</b>

Detail may not add to totals due to rounding.

**INTELLIGENCE**

The Strategy calls for improved, better coordinated, and more focused strategic and tactical drug intelligence support programs and efforts.

- o Create a "forum" to coordinate the development and prioritization of overall drug intelligence requirements (both domestic and foreign).
- o Establish a Law Enforcement Drug Intelligence Council to coordinate development of drug intelligence collection and analysis requirements. The Administration will also seek ways to accomplish National Drug Intelligence Center missions.
- o Emphasize the importance of the El Paso Intelligence Center (EPIC) as the central interagency tactical drug intelligence analysis center.
- o Emphasize continued support to intelligence programs and efforts included in the Andean and other international strategies.

**INFORMATION MANAGEMENT**

- o Emphasize the need to improve the automation of drug information, particularly law enforcement, and expanded sharing of information through improved ADP/communications links and access.
- o Continue efforts to expand and improve communications among the various supply reduction agencies.

## HIGH INTENSITY DRUG TRAFFICKING AREAS

Five areas were designated as High Intensity Drug Trafficking Areas (HIDTAs): New York City, Miami, Houston, Los Angeles, and the Southwest Border. The initial \$25 million appropriated to ONDCP in FY 1990 for HIDTAs was used exclusively by Federal law enforcement agencies for anti-drug programs in the designated areas.

- o The President's FY 1992 budget requests \$50 million to support the ongoing program.
- o In addition to the direct appropriation for HIDTA activities described above, the President's 1992 Budget requests a total of \$1.5 billion for other drug related programs in the HIDTA areas, up from \$1.3 billion provided by Congress in 1991.

## DRUG POLICY MANAGEMENT AGENDA

The Administration has continually worked to improve the management of the Federal government's drug programs. ONDCP has designed and implemented a government-wide strategic planning process to monitor and coordinate anti-drug initiatives, and each Federal agency with drug control responsibilities now has a plan, approved by ONDCP, to advance the goals and objectives of the Strategy.

To enhance coordination, ONDCP has established three committees comprising senior Federal policy-level officials in areas such as interdiction, treatment, and criminal justice.

- o ONDCP Supply Reduction Working Group -- coordinates and oversees implementation by Federal drug agencies of supply-related policies, objectives, and priorities. It oversees efforts of subcommittees in the areas of Public Lands Drug Control, Border Interdiction, Southwest Border High Intensity Drug Trafficking Area (HIDTA), and Metropolitan HIDTA.
- o ONDCP Demand Reduction Working Group -- coordinates and oversees implementation by Federal drug agencies of demand reduction policies, objectives, and outreach activities. It oversees efforts of subcommittees in the areas of Treatment, Education and Prevention, Workplace, and International Demand Reduction.
- o Drug-related Financial Crimes Policy Group -- coordinates national policies to curtail the flow of illegal drug-related currency and assets into, within, and out of the United States, including policies and programs concerning seizures of currency and assets.

Three committees operate under the oversight of a Research and Development Committee, chaired by the ONDCP Director, which provides policy guidance for the research and development efforts of the Federal drug control agencies.

- o Data Committee -- guides improvements in the relevance, timeliness, and usefulness of drug-related data collection, research studies, and evaluations.
- o Medical Research Committee -- coordinates policy and general objectives on medical research conducted in the Federal drug agencies, and promotes the dissemination of findings from that research.

- o Science and Technology Committee -- chaired by the new Chief Scientist, will act as an advisory board to the CTAC, which will oversee working groups on Automated Data Processing, Communications Interoperability, Contraband Detection, Taggants, Technology Coordination, and Sensors and Surveillances.

THE WHITE HOUSE

WASHINGTON

January 31, 1991

Dear Key Contact:

The President presented the third National Drug Control Strategy to Congress today.

The principles of the National Strategy remain firm: Reduce drug use through a mix of supply and demand reduction policies and programs. It calls for applying pressure on all fronts of the drug war simultaneously through three major categories of programs: demand reduction, domestic law enforcement and border control/international intervention.

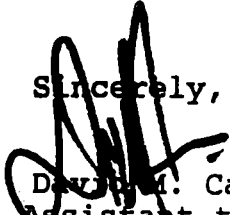
These National Strategy Objectives have been accomplishments since 1989:

- \* An 11% reduction in current overall drug use.
- \* A 13% reduction in current adolescent drug use.
- \* A 29% reduction in occasional cocaine use.
- \* A 23% reduction in frequent cocaine use.
- \* A 28% reduction in the rate of increase of student attitudes toward drug use.

The enclosed information gives a detailed outline of the Administration's accomplishments and goals in the area of drug control. The Administration's leadership on this issue is something we can all be proud to support.

I hope this will be of use to you as you face questions about this issue. Please contact this office if you have any questions.

Sincerely,

  
David M. Carney  
Special Assistant to the President and  
Director, Office of Political Affairs

*Spencer*

THE WHITE HOUSE

WASHINGTON

February 4, 1991

Dear Key Contact:

The President presented the Budget of the United States Government for Fiscal Year 1992 to Congress today.

In the enclosed Budget Message of the President he said, "The budget contains several proposals that reflect my commitment to managing government better. These include measures to improve accountability, to reduce waste, to reform regulation, to employ risk management budgeting in addressing threats to health and safety, and to set clear objectives and measure performance in meeting them."

The 1992 budget proposes that 250 programs should increase (plus \$17.8 billion), 109 programs should decrease (minus \$8.3 billion), 238 programs should be terminated (3,591 specific projects/\$4.6 billion), and some programs should be turned over to the states (a \$15 billion target).

An equitable distribution of benefits was addressed:

- \* A reduction in Medicare premium subsidies to those making over \$125,000.
- \* A reduction in farm subsidy to those making over \$125,000.
- \* An increase in Pell grants for the needy.
- \* A greater share of school lunch benefits to the poor/near poor.
- \* Standardized survivor benefits to veterans dependents.

A \$15 billion consolidation grant to states was proposed in the budget. This \$15 billion represents proposed federal programs be turned over to the states. The actual selection of specific programs to be turned over would have to be authorized by Congress -- in consultation with the Administration and the Governors.

Some of the potential block grant programs include: supplemental education opportunity grants, Chapter 2 block grants, EPA construction grants, low income home energy assistance programs, community development block grants, and selected public and subsidized housing programs.

# I. THE BUDGET MESSAGE OF THE PRESIDENT

*To the Congress of the United States:*

I am pleased to present the *Budget of the United States Government for Fiscal Year 1992*.

The budget is consistent with the 5-year deficit reduction law enacted last fall. It recommends discretionary spending levels that fall within the statutory caps for defense, international, and domestic discretionary programs. It implements the entitlement savings and reforms enacted in the Budget Agreement. It conforms to the new pay-as-you-go requirements.

By holding the overall rate of growth of Federal Government spending to approximately 2.6 percent—below the inflation rate—the budget puts into effect the concept of a “flexible freeze,” which is an essential means of bringing the budget into long-term balance.

The longest period of peacetime economic expansion in history has been temporarily interrupted. We can, however, return to growth soon—and proceed on the path to a new era of expansion. With that goal in mind, the budget places special priority on policies that will enhance America’s potential for long-term economic growth, and that will give individuals the power to take advantage of the opportunity America uniquely offers.

To this end, I am again proposing tax incentives to increase savings and long-term investment.

On the spending side of the budget, the existence of a cap on domestic discretionary outlays rightly creates a competition for resources. Priorities must be set. This budget proposes that domestic investment be increased in the following key areas:

**Education and Human Capital.**—The budget proposes investments to prepare children better for school, to promote choice and excellence in our educational system, to improve math and science education, and to in-

crease the access of low-income Americans to higher education.

**Prevention and the Next Generation.**—The budget includes proposals to help reduce illness and death from preventable diseases, and to reverse the long-term trend of underinvestment in children.

**Research and Development and the Human Frontier.**—The budget recommends an increase of \$8.4 billion in the Federal investment in research and development, with special emphasis on basic research, high performance computing, and energy research and development. It proposes to extend permanently the tax credit for research and experimentation to encourage private sector R&D investment. In addition, the budget reflects the Administration’s continued commitment to expanding human frontiers in space and biotechnology.

**Transportation Infrastructure.**—The budget supports an expansion of the Federal Government’s investment in highways and bridges to over \$20 billion within 5 years, and proposes substantial increases to improve the condition of the Nation’s airports, to modernize the air traffic control system, and to continue to develop the transportation infrastructure for exploration and use of space.

**America’s Heritage and Environmental Protection.**—The budget includes increased funds for the expansion and improvement of America’s treasury of parks, forests, wildlife refuges, and other public lands; for the implementation of the Clean Air Act and other key environmental statutes; for the cleanup of pollution at various Federal facilities and at Superfund sites; and for protection and enhancement of coastal areas and wetlands.

**Choice and Opportunity.**—The budget provides funds to help give parents greater choice in child care, health care, education, and housing; the resources to allow *all* Americans, especially those with low incomes, to seize the opportunities that such choice provides; and a

proposal to establish Enterprise Zones to bring hope to our inner cities and distressed rural areas.

**Drugs and Crime.**—The budget further increases the Administration's investment in drug prevention, treatment, and law enforcement. And the budget substantially increases the resources available to help the Federal Bureau of Investigation fight crime, the Federal prosecutors prosecute criminals, and the Federal prison system accommodate those convicted of crimes.

To make such investments possible, the budget includes recommendations to terminate or reduce Federal investment in certain low-return programs, and proposes reforms to slow the continuing growth of mandatory entitlement programs and to increase fairness in the distribution of the benefits these programs provide.

In addition, the budget contains a new proposal to fund various programs now carried out by the States through a comprehensive block grant. The States are continuing to develop new and innovative ways to deliver services more effectively. The budget not only highlights several of these innovations; it proposes to reinforce and build upon them.

The budget contains several proposals that reflect my commitment to managing govern-

ment better. These include measures to improve accountability, to reduce waste, to reform regulation, to employ risk management budgeting in addressing threats to health and safety, and to set clear objectives and measure performance in meeting them.

Finally, consistent with the statutory caps enacted last year, the budget provides the resources necessary to maintain national security, and to better advance American interests abroad. As the budget goes to press, the timing of the resolution of the multinational coalition's efforts to reverse the aggression in the Persian Gulf is uncertain. For this reason, the budget reflects only a placeholder for Operation Desert Shield. A supplemental request for the incremental costs of Desert Shield, which includes Desert Storm, will be forwarded to the Congress in the coming weeks.

The priority investments embodied in this budget will help America prepare for the requirements and opportunities presented by a rapidly changing world. I look forward to working with the Congress in developing a budget that lays the groundwork for a brighter future, protects our national interests, and helps create the conditions for long-term economic growth and prosperity.

GEORGE BUSH

FEBRUARY 4, 1991

## SINGLE CONSOLIDATED GRANT FOR THE STATES

The President's statement in the State of the Union Address (January 29, 1991):

"The federal government too often treats government programs as if they are of Washington, by Washington, and for Washington. Once established, federal programs seem to become immortal.

"It's time for a more dynamic program life cycle: Some programs should increase. Some should decrease. Some should be terminated. And some should be consolidated and turned over to the states.

"My budget includes a list of programs for potential turnover totalling more than \$20 billion. Working with Congress and the governors, I propose we select at least \$15 billion in such programs and turn them over to the states in a single consolidated grant -- fully funded -- for flexible management by the states.

"The value of this turnover approach is straightforward. It allows the federal government to reduce overhead. It allows states to manage more flexibly and more efficiently. It moves power and decision-making closer to the people. And it reinforces a theme of this administration: appreciation and encouragement of the innovative powers of 'States as Laboratories.'"

The Director's Introduction to the Budget (February 4, 1991):

"Some programs should be consolidated and turned over to the States -- funded in more flexible form. Programs appropriate for such turnover may be selected from two broad categories: those whose purposes are judged by States to be of continuing value, but whose relative funding priority at the Federal level is declining; and those which seem, in any case, to be appropriate for flexible management by the States.

"The President has established a target of \$15 billion in program turnovers for the States. A list of possible turnover candidates totaling over \$20 billion is at Table II-10. The actual selection of programs for turnover would have to be authorized by the Congress -- in consultation with the Administration and the Governors. (After the actual selection is determined, the current distribution of such programs by State would be calculated. The Administration would then propose to replace these programs with a single consolidated block grant to the States. The formula for this new block grant would approximate the same distribution to the individual States as they would receive under the present program structure -- seeking to assure that no State would be harmed by the move to a new, consolidated block grant.) . . .

"The American Federal system has within it an enormous power for innovation: the natural variation and experimentation among the States. For too long, this potential has been under-appreciated at the Federal level. Nonetheless, the reality is that some of the most interesting examples of innovation are being set by the States -- in areas ranging from educational choice, to enterprise zones, to health cost control, welfare reform, and transportation finance.

"The Administration seeks to reenforce this natural power of the States -- and to help build upon it."

Program candidates for potential turn-over (fully funded):

See Table II-10 in the President's Budget for a list of programs that seem to be appropriate candidates for turn-over to the States. This list is provided to start the discussion with the Governors and the Congress. It is understood and expected that Governors and members of Congress may propose a different list. The Administration intends to be flexible in trying to develop a mutually agreeable set of programs for turn-over. The President's target of at least \$15 billion of such programs seems a reasonable minimum, however.

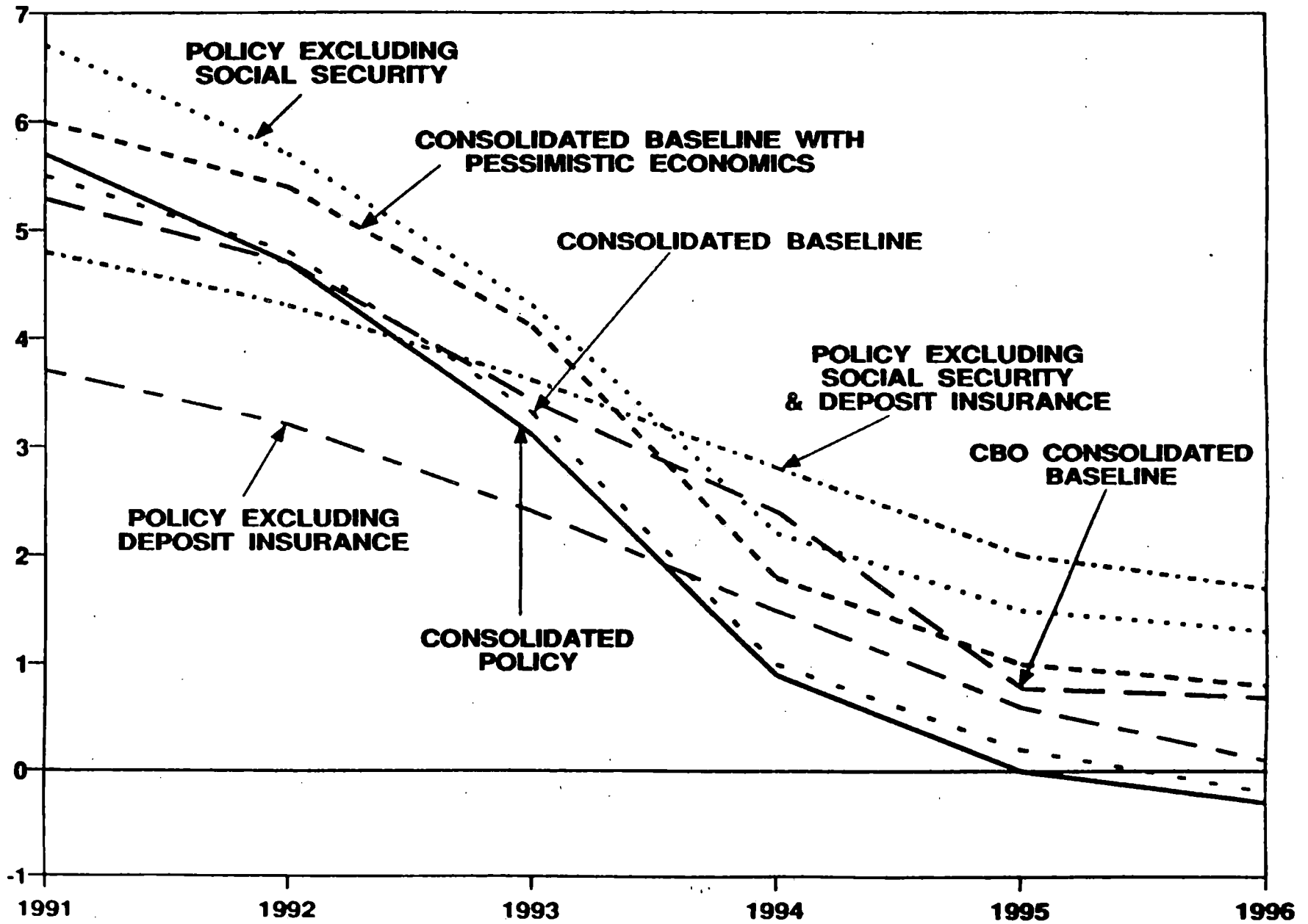
NOTE: The set of programs listed at Table II-10 is currently subject to 1,028 Federal Register pages of federal regulation, requiring an estimated 4.2 million hours of paperwork each year.

**Table II-10. POTENTIAL BLOCK GRANT PROGRAMS**  
(In millions of dollars)

Department/Programs	Enacted				Proposed							
	1991		1992		1993		1994		1995		1996	
	BA	O	BA	O	BA	O	BA	O	BA	O	BA	O
<b>Education:</b>												
Impact aid payments .....	781	815	620	695	620	651	620	624	620	620	620	620
Supplemental education opportunity grants .....	520	404	347	498	347	352	347	347	347	347	347	347
Chapter 2 block grant .....	449	533	449	465	449	445	449	449	449	449	449	449
Public library services programs .....	143	155	35	115	35	71	35	35	35	35	35	35
<b>Environmental Protection Agency:</b>												
Construction grants .....	2,063	2,345	1,900	2,195	1,200	2,082	600	1,883	—	1,482	—	1,025
<b>Health and Human Services:</b>												
State welfare administrative expenses for Medicaid, AFDC, and Food Stamps .....	5,178	5,167	5,878	5,867	6,453	6,440	7,062	7,048	7,701	7,686	8,365	8,349
Social services block grant .....	2,800	2,800	2,800	2,800	2,800	2,800	2,800	2,800	2,800	2,800	2,800	2,800
Low-income home energy assistance program .....	1,510	1,669	1,025	991	875	796	625	552	475	393	375	287
<b>Housing and Urban Development:</b>												
Selected public and subsidized housing programs .....	5,512	3,185	4,789	3,805	4,837	4,484	4,897	4,685	4,961	5,036	5,026	4,968
Community development block grants .....	3,200	3,073	2,920	3,097	2,920	3,061	2,920	2,906	2,920	2,914	2,920	2,915
<b>Justice:</b>												
Byrne Memorial State and local law enforcement assistance program .....	490	342	490	421	490	475	490	481	490	484	490	491
<b>Total</b> .....	<b>22,766</b>	<b>20,486</b>	<b>21,253</b>	<b>20,949</b>	<b>21,026</b>	<b>21,657</b>	<b>20,845</b>	<b>21,810</b>	<b>20,798</b>	<b>22,246</b>	<b>21,428</b>	<b>22,286</b>

PERCENT

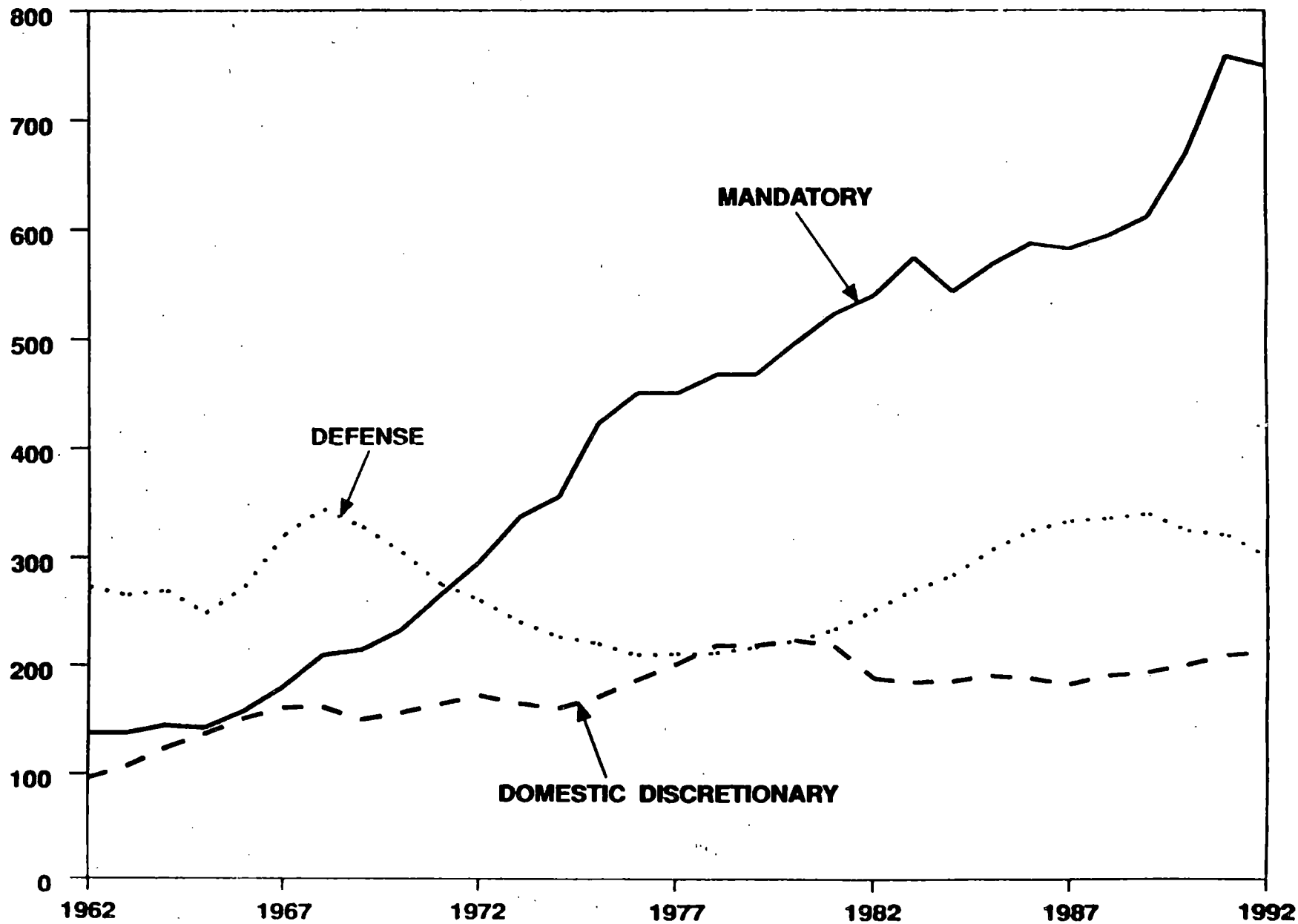
Chart II-1. DEFICITS AS A PERCENT OF GNP



**Chart II-2b. "MANDATORY" PROGRAMS  
ARE TAKING OVER THE BUDGET**

**1992\$  
BILLIONS**

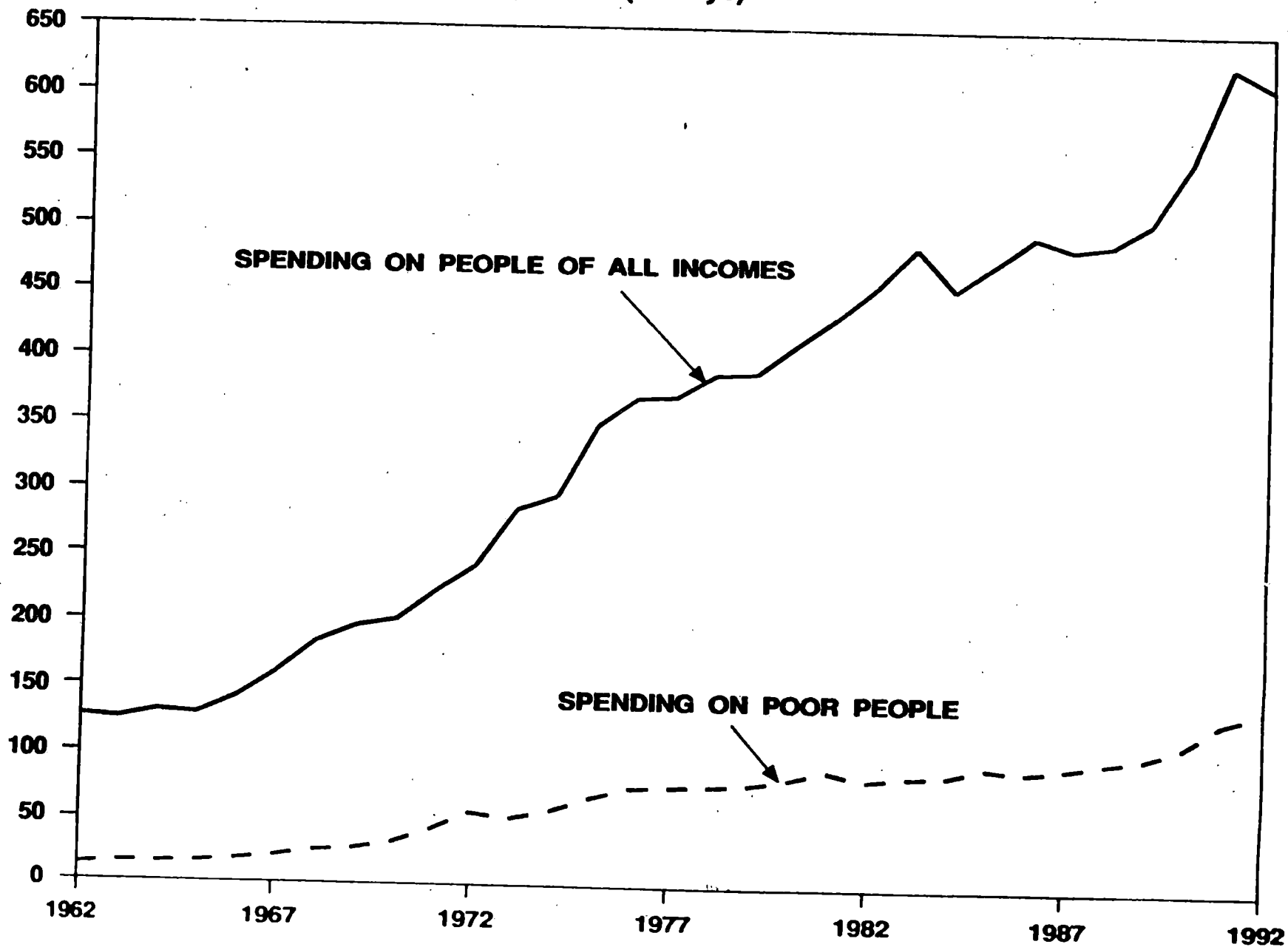
**(Outlays)**



**Chart II-3. MANDATORY SPENDING GOES  
MAINLY TO THE NON-POOR**

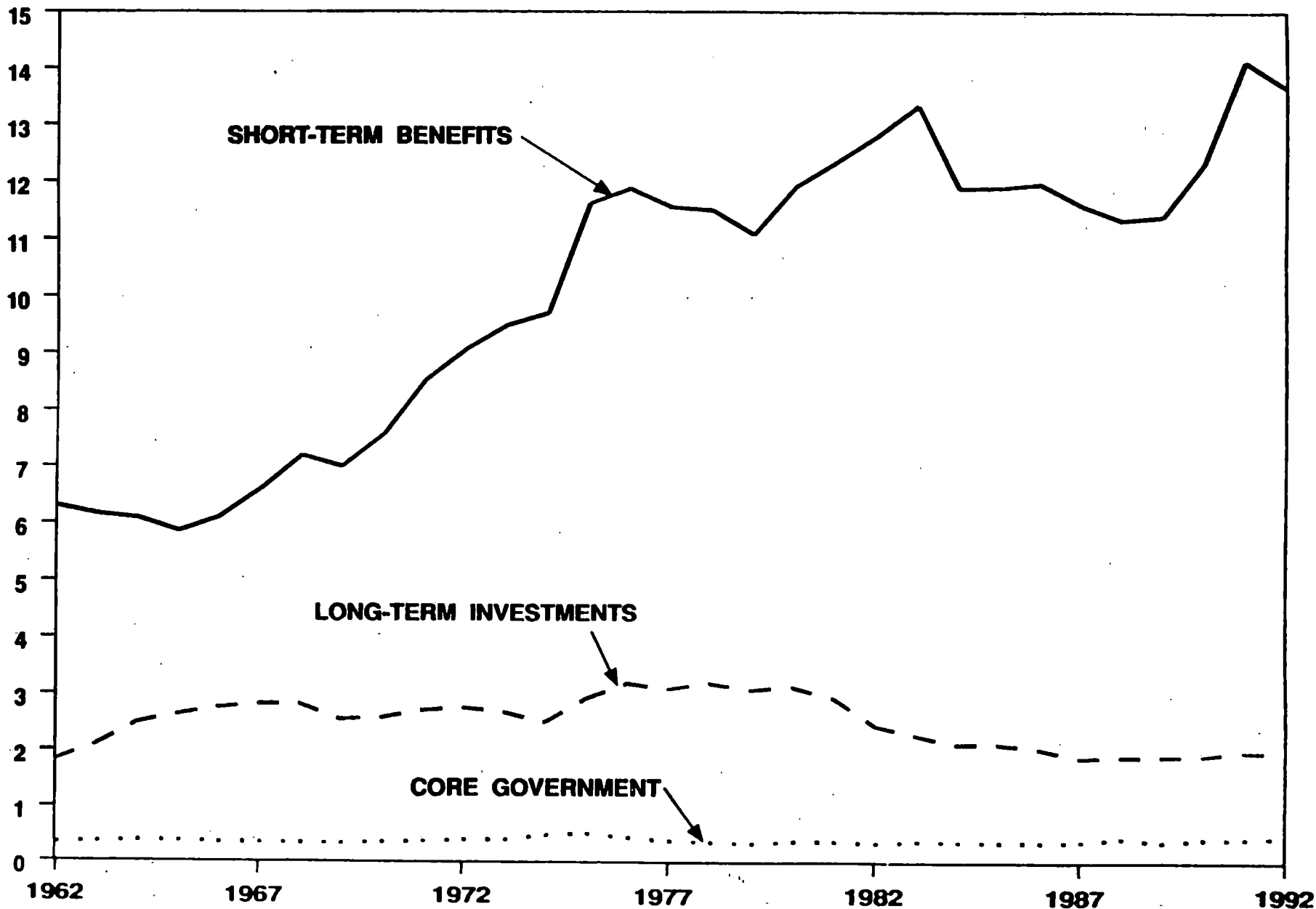
**1992\$  
BILLIONS**

**(Outlays)**



# Chart II-4. CORE GOVERNMENT, LONG-TERM INVESTMENTS, AND SHORT-TERM BENEFITS

PERCENT (Total Domestic Discretionary and Mandatory Outlays as a Percent of GNP)



NOTE: Long-term investments and short-term benefits include spending on both people and physical investments.

THE WHITE HOUSE

WASHINGTON

January 30, 1991

Dear Key Contact:

The President delivered his second State of the Union address to Congress and to the Nation last night.

The speech contained a strong review and outlook of both foreign and domestic policy.

On the international front the President proclaimed, "America stands with the United Nations, and armed forces from 28 countries, to reverse Saddam Hussein's aggression in the Gulf. We are on course and we will prevail."

Domestically, the President outlined his agenda for investment in the future:

- \* The selection of \$15 billion in Federal programs to be turned over to the States for flexible funding by the States.
- \* A budget promoting investment in America's children, education, infrastructure, space and high technology.
- \* Legislation enabling parents to choose their children's schools and to help make America #1 in math and science.
- \* A blueprint for a new National Highway System.
- \* Federal investment and a permanent tax credit to strengthen private research and development and to create jobs.
- \* A comprehensive National Energy Strategy that calls for energy conservation and efficiency, increased development, and greater use of alternative fuels.
- \* A banking reform plan to bring America's financial system into the 21st century.
- \* The total elimination of Political Action Committees.

In reference to the economy the President said, "We will get this recession behind us, and return to growth -- soon." He put our economy into perspective and stated his reasons for being optimistic about our economy:

- \* We don't have to fight double-digit inflation.
- \* Most industries won't have to make big cuts in production, because they don't have big inventories piled up.
- \* American businesses are exporting at a record rate.
- \* Our economy is still over twice as large as our closest competitor.
- \* Since 1981, we have created almost 20 million jobs, cut inflation in half, and cut interest rates in half.

The speech transcript, talking points, and a fact sheet accompany this letter. Please contact this office if you have any questions.

Sincerely,



David M. Carney  
Special Assistant to the President and  
Director, Office of Political Affairs

Enclosures (3)