FY 2001 Crime Budget Ideas/Priorities

Firearms Enforcement ($309 million)

The National Gun Enforcement Project ($309 million): This would be a multi-pronged initiative to put an unprecedented level of resources into firearms enforcement:

More ATF agents than ever ($69.1 million). Our initiative would fund 500 new ATF agents to support local enforcement initiatives throughout the country in making cases against armed criminals, investigate more gun trafficking cases including straw purchasers, gun show enforcement, and Brady denial cases. This would cover additional agents to expand the Youth Crime Gun Interdiction Initiative to a total of 50 cities.

New ATF inspectors to crack down on unscrupulous dealers, manufacturers and distributors ($14.6 million). The initiative could fund 250 new ATF inspectors to work with ATF agents to ensure industry compliance with gun laws and regulations. Enforcement efforts would focus on licensees with indicators of crime gun activity, such as high numbers of crime gun traces.

Comprehensive crime gun tracing ($12 million). The initiative would be the first step toward an effort for law enforcement to trace every crime gun in America. It would fund ATF training and software for 250 cities and localities to help them trace firearms, and additional staff for the National Tracing Center to accommodate the increase in trace requests.

1,000 new gun prosecutors ($132.5 million). The initiative would fund 1,000 new federal, state and local gun prosecutors to increase overall firearms prosecutions: 500 federal prosecutors and 500 state and local prosecutors. The new prosecutors would bolster the local gun strategies developed by all 94 U.S. Attorneys in response to the President's directive on gun enforcement. One federal prosecutor would be assigned to every judicial district to coordinate firearms cases with local authorities to maximize sentencing for the most dangerous gun criminals. The initiative would provide $57.5 million for federal prosecutors and support staff, and $75 million for state and local prosecutors, potentially designated out of the community prosecutors' initiative.

Expanded ballistics testing ($35.8 million). The initiative will make it more difficult for criminals to cover up crimes committed with firearms by expanding the use of ballistics information. Ballistics testing helps police track down gun criminals using bullets or bullet casings left at crime scenes. The funds would support the new ATF/FBI universal system – gun-fire.net – to create a national ballistics information network and will help to triple the number of existing ballistics testing systems to over 200 law enforcement agencies over a two-year period.

Stronger Brady background checks through records improvement ($20 million). The initiative would make background checks more effective – and prevent more criminals, mentally unstable persons, stalkers, and other prohibited persons from buying guns -- by doubling the current level of NCHIP funding. This will help States to computerize and make other improvements to criminal history records, mental health records, domestic violence restraining orders, and other criminal justice records, and facilitate better records sharing for law enforcement and other purposes.

National Instant Notification (NIN) ($5 million). This new prevention system would help make the National Instant Criminal Background Check System (NICS) an even more powerful enforcement tool by sending instant notifications of Brady denials to local authorities when felons or other restricted persons are illegally attempting to purchase guns in their communities. The NIN system would rely on existing technologies to transmit the notifications through NLETS, which connects every law enforcement agency in the nation. Funding would support additional personnel and computers.

Kids and Guns ($12 million)

Promoting gun safety ($2 million). The initiative will help expand information, outreach and research about gun safety and gun technology to help prevent childrens' access to guns, accidental deaths, and other unauthorized uses. The initiative will fund gun safety technology experts, research, and related public education initiatives at ATF.

Local media campaigns on gun safety and gun violence. ($10 million) The initiative would provide matching grants from the Justice Department to support local media campaigns linked to the local gun violence strategies to highlight proper storage of guns as well as other messages to prevent child access, accidents, and other forms of gun violence. Localities could also use media campaigns to publicize gun penalties to maximize deterrence against gun crime.

Community Supervision of Released Offenders ($125 million)

Reentry Courts and Reentry Partnerships ($125 million). The reentry initiative will help address community safety concerns, lower recidivism rates, and help promote responsible fatherhood for the nearly 500,000 inmates that leave prison or jail this year. Two-thirds of all prisoners re-arrested for new offenses within three years of release. The initiative – which would ideally be targeted to areas with the most returning offenders -- would be comprised of two elements: reentry partnerships that include the addition of more probation and parole officers on the streets to supervise reentering offenders and reentry courts.

Reentry partnerships ($100 million). Through reentry partnerships, police and corrections agencies would team up with other community service providers and local organizations (e.g., faith-based groups, civic organizations, workforce development, fatherhood groups) to monitor offenders reentering the community from prison or jail. To ensure a successful transition, inmates preparing for release would be begin programs such as employment preparation and parenting classes in prison. At least 60 percent of mail inmates are fathers. In addition to providing greater supervision of offenders, the partnerships would target and provide resources such as drug treatment, job training, and mental health services – as well as help ensure that offenders meet their financial and emotional responsibilities to their children. This would fund up to 50 demonstration sites, one per state. Communities with high numbers of recently released offenders would be targeted. This initiative would be complemented by grants within the Department of Labor for Ex-Offender Employment, a portion of which could be targeted to the reentry partnership communities. It would also be enhanced by an additional $10 million for targeted substance abuse grants within SAMHSA.

To heighten community supervision of offenders, grant funding would restrict eligibility to include only those partnerships that include a hiring component for new probation and parole officers in their reentry partnership plans. These officers would complement both the reentry partnerships and the reentry courts initiatives by helping communities to better monitor offenders through frequent home visits, regular drug testing, location monitoring devices, and other means. Officers could administer swift and certain punishment for offenders who violate the terms of their parole or probation. It is estimated that $50 million would be spent on the hiring component of this program.

Reentry courts ($25 million). Reentry courts would use the drug court concept of judicial supervision to oversee offenders on conditional release. Offenders would meet regularly scheduled court appearances on the status of individual accountability plans, with graduated sanctions for failing to meet plan requirements. Reentry courts would work with community service providers to identify and target needed resources for the offender. This would fund up to 25 sites for reentry courts.

Police Gun Buyback ($10 million)

Ending the re-sale of used police weapons and seized guns ($10 million). This initiative would encourage state and local police departments to end the practice of re-selling used police guns and confiscated crime guns on the civilian market. The grant program, which could be funded by the Justice Department or Treasury Department, would purchase used police guns on a one-time basis from departments on the condition that they permanently agree to halt re-sales or trade-ups in the future (unless they want to transfer the guns to another police agency) and destroy all seized firearms. All purchased guns would be destroyed.

Local Law Enforcement/21st Century Policing Initiative ($1.475 billion)

21st Century Policing Initiative ($1.4275 billion): This proposal would continue the President's 21st Century Policing Initiative into its second year, with added resources for hiring to meet the goal of 50,000 officers by FY 2005. Our request would fund the hiring and redeployment of 8,000-9,000 officers; law enforcement technology; community prosecutors; and community crime prevention. This includes: $800 million for hiring (about $600 million for straight hiring and $200 million to retain current hiring-related earmarks); $350 million for law enforcement technology; $200 million for community prosecutors; and $125 million for community crime prevention.

Office of the Deputy Attorney General
Washington, D.C. 20530

December 21, 1999

MEMORANDUM FOR Bruce Reed
Assistant to the President
And Director of Domestic Policy

Charles Burson
Assistant to the President
And Chief of Staff to the
Vice President

From: Eric H. Holder, Jr.
Deputy Attorney General

Subject: Possible Anti-Crime Budget Enhancements

Thank you for the opportunity to propose funding for several new initiatives in Fiscal Year 2001. Based on conversations between our staffs, I understand that there will be new money for these initiatives. This memorandum identifies those resources that are already included in the budget process, as well as new funding needs.

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In the event that there is not new money over and above any other request we have made, we withdraw these requests and expressly do not want these in place of our 2001 passback requests.

I. Firearms

$14.5 million for the federal prosecution component of Gun Law Enforcement Team (GLET) Enhancement to support local strategies developed by each U.S. Attorney and ATF Special Agent-In-Charge.

This enhancement would add 93 GLET federal prosecutors and appropriate support and equipment, and 40 positions for GLET strategic enforcement teams in 20 judicial districts. (These teams would consist of an additional federal prosecutor to serve as strategic coordinator and a crime data analyst to assist in federal-state strategic coordination and enforcement, as demonstrated in Boston's "Operation Ceasefire.") The addition of new federal prosecutors will require some number of new Deputy U.S. Marshal positions and funds for Federal Prisoner Detention to support the detention workload created. This will cost approximately $35 million in FY 2000. In addition, we estimate that transportation of prisoners and staffing for the U.S. Marshals will cost $8.8 million in FY 2000 for all initiatives in this memorandum. *$7 million was provided in our passback for this initiative, and additional $7.5 million is required.*

$ 75 million for community prosecution grants to fund the hiring of **GLET** state or local prosecutors and appropriate support and equipment in areas most affected by gun-related violence *($170 million for community prosecution was provided through the budget process. Some portion of these funds could be used for gun violence reduction programs within community prosecution)*.

$50 million for the COPS program to target police officers for hot spots where gun crimes are a severe problem and to pay for appropriate support, training on gun interdiction, and equipment *($650 million for COPS hiring was provided through the budget process, of which $457 million is available for the universal hiring program.*[1] Some portion of these funds could be used for a COPS-firearms hiring program).

$5 million for grants to entities of state and local government which can serve as a match to private funds in each community, for public education and outreach regarding firearms safety and firearms laws. ***(This is a new initiative);***

$10 million to support and expand the Gun-fire.net universal

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ballistics system by funding $10 million for grants to states and locals to integrate their systems. *(This is a new initiative. We received $1.4 million for Gun-fire.net connectivity to the FBI's Criminal Justice Information System wide area network through the budget process.)*

$5 million to fund grants to entities of state and local government to establish and maintain crime prevention programs which focus primarily on reducing firearms violence *(This is a new initiative)*;

$5 million to fund grants to entities of state and local government to establish and maintain Gun Courts *(This is a new initiative)*;

$ 70 million to fund NICS Improvements, including $ 50 mil to reimburse entities of state government which serve as points of contact for the NICS; and $5 million to fund other improvements to the NICS such as funds to enable immediate notification of state or local authorities of denials ($3 million), and improvements in the accessibility to the NICS of records demonstrating that individuals are or are not prohibited from firearms possession, including $12 million in additional funds for the National Criminal History Improvement Program. *(This is a new initiative. However, we received $70 million in the budget process for criminal records upgrades and automation).*

$1 million to fund grants to improve the collection of data regarding the sources of firearms to criminals and juveniles, including an evaluation of the secondary market in firearms. (This could include an addendum to the ADAM survey.) *(This is a new initiative)*.

$10 million to assist in the development of advanced gun safety technology, such as individualized firearms. *(we received $10 million for NIJ research but not of this magnitude.)*

$0.5 million to fund the development of model state firearms statutes to improve and strengthen state firearms laws *(This is a new initiative)*.

II Computer and High-Technology Crime

$50 million for 521 positions, including 236 agents FBI agents and 285 information technology experts and other staff to establish new squads to investigate Internet fraud, computer hacking, cyberstalking and other forms of computer crime, and to develop special enforcement teams composed of Federal, state and local prosecutors, investigators and support. *This is a new initiative*.

$25 million for prosecutors and agents to combat intellectual property and software piracy efforts. *This is a new initiative*.

$11.4 million to fund 100 FBI Computer Analysis Response Team positions and appropriate support and equipment, and the Automated Computer Examination System. *This was provided through the budget process.*

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$6 million for two regional cybercrime forensic laboratories, to assist state and local investigators in addressing computer crime and other crime problems where computer evidence must be analyzed. *This was requested and provided in the budget appeal process.*

$10 million for 67 federal prosecutors (AUSA's and Criminal Division attorneys) concentrating on computer crime cases, including cyberterrorism. *This was provided through the budget process.*

$7 million for the FBI for cryptanalysis technical equipment. *This was provided in the budget process.*

III Methamphetamine

$2 million for a DOJ Drug Initiative Oversight Committee, including necessary support staff and contractor funding. This Committee will oversee the Department's implementation of the

Drug Control Strategic Plan. The committee will be co-chaired by the Criminal Division and DEA, and will report to the Attorney General. As part of its mandate, the committee will oversee the Department's methamphetamine initiatives. *This is a new initiative.*

$3 million Prosecutor Coordinator Offices (PCO), similar to the Organized Crime Drug Enforcement (OCDE) Program, one office consisting of an AUSA, who should not have a caseload and no other assignments, a staff assistant and a paralegal, with appropriate support, for each district designated by the Attorney General as a High Risk Methamphetamine Area (HRMA's). PCO funding to include all necessary expenses of the PCO, specifically including secure video communications capability to permit regular linking of PCOs. Each Prosecutor Coordinator shall be responsible for forming and coordinating an enforcement task force in partnership with his state and local counterparts and for coordinating with prevention, education and treatment components. *This is a new initiative.*

$5 million for 68 positions (34 attorneys) and appropriate support to prosecute cases in high-methamphetamine risk areas. All AUSAs funded under this provision will be assigned to a district task force headed by the AUSA Coordinator. *This was requested in the budget process, but no funds were provided; therefore, it is a new initiative.*[2]

$17.8 million for DEA to fund 169 positions (104 agents) and appropriate support in high-methamphetamine risk areas. All agents funded under this provision will be assigned to a district task force headed by the AUSA Coordinator. *This was requested in the budget process, but no funds were provided; therefore, it is a new initiative.*

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$0.5 million for the production and maintenance of a "best practices" guide; the maintenance of an Internet website specifically aimed at providing information on methamphetamine prevention, treatment, and enforcement issues to rural communities; and training for first responders on methamphetamine laboratory issues. *This is a new initiative.*

$1 million for the Attorney General to create an Interagency Working Group (IWG) on methamphetamine which the Attorney General shall chair and the members of which shall include the senior official of each of the following: ONDCP, EPA, Treasury, Education, HHS, and any other officials whom she deems appropriate. This shall include a sub-group, chaired by the Attorney General, devoted to enforcement issues, the members of which shall be prosecutors or law enforcement officers. *This is a new initiative.*

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IV <u>Drug Testing and Treatment</u>

$1.0 million and 25 positions for the Bureau of Prisons to pay for drug evaluation and treatment in prison, in addition to BOP's current drug treatment program. *This was requested in the budget process but not provided; therefore, it is a new initiative.*

$160 million in new money for prison drug treatment and post-incarceration drug testing and treatment through the Residential Substance Abuse Treatment (RSAT) program and the Drug Testing and Treatment grant program. *(Currently, we have a total of $65 million for RSAT, of which $2 million is new money from OMB, and $75 million for Drug Testing and Treatment from OMB. To bring RSAT to $100 million, we would need another $35 million. We need another $125 million for the testing and treatment program to bring this up to $200 million) The Drug Testing and Treatment grant program could be used for post-incarceration monitoring and drug-treatment and prison and jail drug evaluation and treatment. Language describing the programs could emphasize that treatment would be specifically available for methamphetamine.*

V Southwest Border

$0.75 million support positions for the Southwest Border Coordinator. The Southwest Border Coordinator will be appointed by the Attorney General and will be an official who holds other positions as well. Currently, a US Attorney from a border state is the Southwest Border coordinator. But he has no formal staff. Funds will provide staff, office space and equipment as necessary. *This is a new initiative.*

$1 million for 12 positions (7 attorneys) for a federal prosecutor and support staff in each of the Southwest Border districts. The federal prosecutor shall not have an assigned caseload and shall have a dual report to the United States Attorney for his District and to the OSBC. *This was requested in the budget process but not provided; therefore, it is a new initiative.*

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$12.6 million for 120 FBI field and headquarters intelligence analysts, 64 FBI language specialists and $2 million to fund contract linguists. ***This is on top of the $8.0 million already provided by OMB for intelligence analysts ($3 million and 55 positions) and contract linguists ($5 million).***

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VI Counterterrorism

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NCHIP – FY2001 Request by BJS

Last year (FY2001) Requested $50 million – got $35 million.
We requested $70 million for FY2001

4. Criminal Records Upgrade Program ($50 million)

The Criminal Records Upgrade (CRU) Program, also referred to as the National Criminal History Improvement Program (NCHIP), assists States in the upgrade of criminal history, criminal justice, and identification record systems; promotes compatibility and participation in National, state, and local systems; and captures information for statistical and research purposes.

NCHIP, established in 1995, and administered since them by the Office of Justice Programs' Bureau of Justice Statistics (BJS), was designed as an umbrella program providing support to states in the expanding range of areas which impact on the improvement of criminal history records and record systems. The program was initially focused primarily on ensuring that states could fully participate and support operation of the National Instant Criminal Background Check System (NICS), which was established under the Brady Handgun Violence Prevention Act (Brady Act). The NCHIP program builds on DOJ's efforts to assist states in establishing the overall infrastructure required for a national criminal record system capable of meeting both criminal justice and noncriminal justice demands. Funds under the program are awarded to states to improve the accuracy, utility, and interstate accessibility of criminal history records and records of protective orders involving domestic violence and stalking.

Improved criminal history records are necessary to support the immediate identification of persons prohibited from firearms purchases or holding positions of responsibility involving children, the elderly, or the disabled. Interstate access to complete and accurate criminal records is also necessary for criminal justice decisions on pretrial release, career criminal charging, sentencing, and correctional assignments. Background checks for national security and related purposes are also only as effective as the quality of the records on which they are based.

Starting in 1998, awards were also provided under the NCHIP program to assist states in the development and enhancement of state sex offender registries capable of interfacing with the FBI's National Sex Offender Registry. Complete and accurate in-state sex offender registries that meet the requirements of the Jacob Wetterling Act, Megan's law, the Pam Lychner Sexual Offender Tracking and Identification Act, and related State standards, will protect the public and assist law enforcement in handling incidents and cases involving sexual offenses. Timely collection, maintenance, and exchange of information on released sexual offenders is critical to supporting the effective operation of the FBI's national Sex Offender Registry, which was established pursuant to a Presidential directive and will provide immediate interstate access to such information.

Performance measurement of this program is based on the evaluation of several output and outcome indicators relating to the technical and financial assistance provided to the States in carrying out the goals and objectives of the program. Results of recent BJS surveys, supported under the NCHIP program, indicate that the number of criminal history records that are complete and instantly available through the national system has steadily risen since the late 1980's. In 1989, only 20 states were members of the Interstate Identification Index (III), which permits instant access to out-of-state-data. By year-end 1993, 26 states were participating. As of mid-1998, 38 states have become III members. The data also show that in 1993, only 16 states (representing about 19% of the people living in the U.S.) met an 80% benchmark for completeness of recent records. At year end 1997, 21 states and the District of Columbia, representing about 40% of the nation's population, met this standard. A review of state data also indicates that as of yearend 1998, all but one state had implemented some aspect of an automated fingerprint identification (AFIS) system. Detailed performance indicators and targets are displayed in the GPRA performance chart.

Prior to 2000, this program was funded as a line item under the Office of Justice Program's Violent Crime Reduction Trust Fund (VCRTF). However, in 2000, this program is requested under COPS II's Crime Fighting Technology Initiative. In 2000, $50 million is requested to upgrade criminal history, criminal justice, and identification record systems; promote compatibility and participation in national, state, and local systems; and capture information for statistical and research purposes, as authorized by the Crime Identification Technology Act of 1998, P.L.105-251 and consistent with 42 USC 3732 (c) (18) and (19). This request represents an increase of $5 million over the 1999 appropriated level. The $50 million request will expand efforts as described below.

The record improvements to be funded under this program are critical to ensure the effective operation of NICS, which became operational on November 30, 1998 and the FBI's national sex offender registry, which is now accepting State registry information. Establishment of these national systems will support law enforcement efforts and ensure that, in all states, adequate background checks can be conducted on a real-time basis for persons seeking to purchase a handgun or to hold a position of responsibility involving children, the elderly or the disabled.

The permanent provisions of the Brady Handgun Violence Prevention Act, which became operational in November 1998, require that an instant background check be conducted under the NICS system, prior to sale of a firearm. Although the NICS system infrastructure will be maintained by the FBI, the effectiveness of the background checks is primarily dependent on the extent to which records maintained by the state are accurate, automated and available for instant interstate exchange. Funds in 1999 will be used to upgrade state records and to support efforts to interface firearm dealers, the state system, and the permanent NICS system. Participation in the NICS system, including establishing the state as a Point of Contact to the NICS, is a 1999 NCHIP priority. Funding in 2000 will continue support for NICS participation and focus on enhancing state operations to ensure completeness of record data with an emphasis on development of court systems which are capable of providing record disposition data to the state and national system.

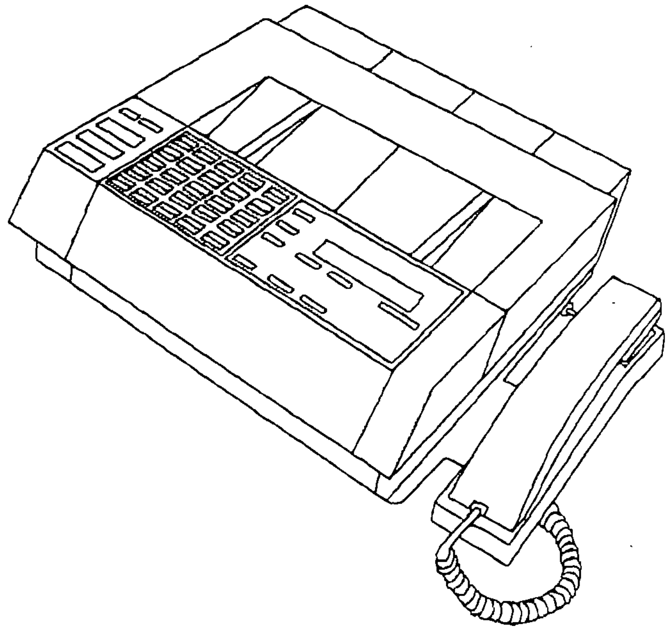
Funding is also required in 2000 for states to establish procedures to identify non-felony categories of persons prohibited from firearm purchase (these include persons adjudicated as mentally defective, drug abusers, etc.). Since the design of the permanent NICS system provides access only to Federal data in these categories, development of accessible state level records is essential to meeting the intent of the Federal Gun Control Act and ensuring that persons with mental or drug records do not have access to firearms. In recognition of the legal and privacy implications associated with release of such information, BJS sponsored a Task Force to review these issues. The Task Force report will be issued during 1999 and it is anticipated that funds will be utilized during 2000 to develop appropriate procedures under which such data can be made available for background checks for authorized purposes.

Funds will also be required in 2000 to enable states to purchase additional livescan equipment to interface with the state's Automated Fingerprint Identification Systems (AFIS). Expanded livescan capability will permit the local identification of subjects, support registration under the sex offender registry, and facilitate onsite conduct of background checks for non criminal justice purposes such as child and elderly care. Additionally, funds will support linkage of state AFIS with the FBI's enhanced national AFIS to become operational under NCIC 2000.

During recent years, the Congressional amendments to the Federal Gun Control Act have expanded the categories of persons prohibited from firearm purchase to include persons subject to domestic violence protective orders and persons convicted of misdemeanors involving domestic violence (Lautenberg amendment). Moreover, increasing state and federal concern over abuse of children and families requires that such information be maintained and made available for use to protect public safety. The FBI's Protective Order File, which will provide interstate access to state provided data, is also expected to become operational in late 1999. Meeting these demands requires that present state criminal history record systems be radically expanded to provide for the identification, collection, flagging, and automation of new classes of records which, in many cases, are not currently maintained by the central repository. To date, 34 states have received funds to initiate efforts relating to capture and exchange of protective order and other domestic violence offenses. In light of the complexity of this effort, continued efforts are needed to ensure that such data is instantly available for law enforcement and background check purposes.

EXECUTIVE OFFICE OF THE PRESIDENT
Office of Management and Budget
TCJS Division
Justice/GSA Branch

FAX COVER SHEET



TO: L/Deanne

FAX NUMBER: 6-7028

PHONE NUMBER:

FROM: John

PHONE NUMBER: 202/395-3730

FAX NUMBER: 202/395-0850

COMMENTS:

Date: 12/9/99 *Time:*

Number of Pages (including this page) 4

If you do not receive all the pages, please call as soon as possible.

DRAFT

4:42 PM 11-Oct-99

State and Local Law Enforcement Assistance Programs
(in millions of dollars)

	1999	2000		2001	
	Enacted	Budget	Enacted	Request	Recommend.
Justice Assistance Programs:					
National Institute of Justice (NIJ)	46.0	43.4	43.4	50.4	43.4
NIJ Base	*36.0*	*31.0*	*43.4*	*31.0*	*31.0*
Safe Schools	*10.0*	*0.0*	*0.0*	*0.0*	*0.0*
Child Proof Gun & Gun Detection Tech. Rsrch.	*0.0*	*4.0*	*0.0*	*4.0*	*4.0*
Arrestee Drug Abuse Monitoring System	*0.0*	*5.0*	*0.0*	*12.0*	*5.0*
International Crime/Forensic Sciences	*0.0*	*3.4*	*0.0*	*3.4*	*3.4*
Bureau of Justice Statistics (BJS)	25.0	32.6	25.5	38.0	31.4
BJS Base	*25.0*	*27.1*	*25.5*	*31.7*	*27.1*
Tribal Statistics	*0.0*	*2.0*	*0.0*	*2.0*	*2.0*
Disparities in Criminal Justice System	*0.0*	*0.5*	*0.0*	*0.5*	*0.5*
ONDCP Performance Measures	*0.0*	*2.0*	*0.0*	*2.0*	*0.0*
Hate Crime Statistics	*0.0*	*1.0*	*0.0*	*1.0*	*1.0*
Traffic Stops	*0.0*	*0.0*	*0.0*	*0.8*	*0.8*
Missing Children	17.0	17.0	20.0	20.6	20.0
Regional Information Sharing System	20.0	20.0	20.0	20.0	20.0
White Collar Crime	7.0	9.3	9.3	11.3	9.3
Civil Rights Enforcement Partnerships	0.0	5.0	0.0	5.0	5.0
Police Use of Force Initiative	0.0	0.0	0.0	2.1	2.1
Justice Online Information Exchange (JOIE)	0.0	0.0	0.0	3.8	0.0
Management and Administration	32.0	38.6	37.5	42.5	37.5
Subtotal, Non-Counterterrorism	**147.0**	**165.9**	**155.7**	**193.7**	**168.7**
Counterterrorism Programs					
First Responder Equipment	75.5	81.5	75.0	78.0	78.0
Firefighter and Emergency Personnel Training	5.0	5.0	0.0	5.0	5.0
Technical Assistance	3.0	6.0	0.0	6.0	6.0
Nunn/Lugar DOD Transfer	0.0	0.0	0.0	31.0	31.0
First Responder Law Enforcement Training	0.0	9.0	0.0	9.0	9.0
Firefighter and Emergency Equipment	20.0	0.0	0.0	0.0	0.0
Additional Training Requirements	0.0	0.0	8.0	0.0	0.0
Distance Learning	0.0	0.0	2.0	0.0	0.0
Consortium Members	16.0	17.0	27.0	35.6	0.0
Situational Training Exercises	3.5	0.0	0.0	3.5	0.0
Research and Development	10.0	10.0	30.0	10.0	14.0
Bomb Technician Equipment	25.0	45.0	10.0	45.0	45.0
First Responder Training NDPC	2.0	0.0	0.0	0.0	0.0
Subtotal, Counterterrorism	**[160]**	**173.5**	**152.0**	**223.1**	**188.0**
Subtotal, Justice Assistance	**218.0**	**339.4**	**307.7**	**416.7**	**356.7**
Juvenile Justice:					
Formula Grants	89.0	89.0	89.0	89.0	89.0
Discretionary Grants	43.0	43.0	43.0	43.0	43.0
Research/Evaluation/Training/Technical Assistance	0.0	4.0	0.0	4.0	4.0

State and Local Law Enforcement Assistance Programs
(in millions of dollars)

	1999	2000		2001	
	Enacted	Budget	Enacted	Request	ecommend.
Youth Gangs	12.0	12.0	12.0	12.0	12.0
State Challenge Activities	10.0	10.0	10.0	10.0	10.0
Juvenile Mentoring	12.0	12.0	13.0	12.0	12.0
Title V/At-Risk Children	95.0	95.0	95.0	95.0	95.0
Indian Tribal Grants Program	[10]	[20]	[12.5]	0.0	[20]
Gun Violence Reduction Program	0.0	[10]	0.0	0.0	[10]
D.C. Courts	0.0	[5]	0.0	0.0	[5]
Drug Prevention Program	0.0	[10]	0.0	0.0	[10]
Drug Prevention Program	10.0	10.0	11.0	10.0	10.0
School based resource officers	0.0	0.0	0.0	0.0	0.0
Victims of Child Abuse Program	7.0	7.0	7.0	7.0	7.0
Management and Administration	6.0	7.0	7.0	7.0	7.0
Subtotal, Juvenile Justice	**284.0**	**289.0**	**287.0**	**289.0**	**289.0**
State & Local Law Enforcement Assistance					
Byrne Grants (discretionary)	47.0	55.0	52.0	55.0	55.0
Abortion Clinic Security Equipment	n/a	4.5	0.0	4.5	4.5
National District Attorneys Association	[5]	0.0	0.0	0.0	0.0
Byrne Grants (formula)	505.0	400.0	500.0	400.0	400.0
Byrne Evaluation	n/a	[5]	0.0	0.0	[5]
Subtotal, Byrne Grants	**552.0**	**459.5**	**552.0**	**459.5**	**459.5**
Violence Against Women:					
Grants To Combat Violence Against Women	207.0	207.0	207.0	220.0	220.0
Civil Legal Assistance	[18]	[18]	[28]	[31.0]	[31.0]
National Institute of Justice	[5]	[5]	[5]	0.0	[5]
DC Superior Court Domestic Violence	[1]	[1]	[1]	0.0	[1]
OJJDP Safe Start Program	[10]	[10]	[10]	0.0	[10]
Family Violence Research Program	0.0	[5]	0.0	0.0	[5]
Grants To Encourage Arrest Policies	34.0	34.0	34.0	34.0	34.0
Rural Domestic Violence Enforcement	25.0	25.0	25.0	25.0	25.0
Victims of Child Abuse Grants:					
Court-Appointed Special Advocate Program	9.0	9.0	10.0	9.0	9.0
Training for Judicial Personnel & Practitioners	2.0	2.0	2.0	2.0	5.0
Grants for Televised Testimony	1.0	1.0	1.0	1.0	1.0
Training Programs	5.0	5.0	5.0	5.0	2.0
Subtotal, Violence Against Women Programs	**283.0**	**283.0**	**284.0**	**296.0**	**296.0**
Missing Alzheimer's Grants	1.0	1.0	1.0	1.0	1.0
Local Law Enforcement Block Grant	523.0	0.0	523.0	250.0	0.0
Boys and Girls Club	[40]	0.0	[50]	0.0	0.0
Law Enforcement Technology	[20]	0.0	0.0	0.0	0.0
Juvenile Justice Block Grant Program	250.0	0.0	250.0	0.0	0.0
Coerced Abstinence Drug Courts	40.0	50.0	40.0	50.0	50.0

State and Local Law Enforcement Assistance Programs
(in millions of dollars)

	1999	2000		2001	
	Enacted	**Budget**	**Enacted**	**Request**	**ecommend.**
Residential Substance Abuse Program	n/a	65.0	63.0	65.0	65.0
Drug Testing/Intervention	n/a	100.0	0.0	100.0	100.0
Certainty of Punishment					
Indian Tribal Courts	5.0	5.0	5.0	15.0	15.0
Certainty of Punishment Grants	n/a	35.0	0.0	35.0	21.0
Indian Country Law Enforcement	n/a	0.0	0.0	0.0	0.0
State Criminal Alien Assistance Program	420.0	500.0	420.0	500.0	500.0
Law Enforcement Technology	n/a	0.0	0.0	0.0	0.0
State Courts Assistance	5.0	0.0	0.0	0.0	0.0
State Prison Program	720.0	75.0	687.0	250.0	75.0
General Prison Construction	[496]	0.0	[463]	[175]	0.0
Cooperative Agreement Program	[25]	[35]	[25]	[35]	[35]
Indian Country Earmark	[34]	[34]	[34]	[34]	[34]
State Criminal Alien Assistance Program	[165]	0.0	[165]	0.0	0.0
Prison Work Initiative	n/a	[6]	0.0	[6]	[6]
Law Enforcement Family Support	2.0	2.0	1.5	2.0	2.0
DNA Ident. State Grants/Crime Lab Improvement	15.0	0.0	0.0	0.0	0.0
Other Law Enforcement - Federal:					
Motor Vehicle Theft Protection	1.0	1.0	1.0	1.0	1.0
Senior Citizen Marketing Scams	2.0	2.0	2.0	2.0	2.0
Subtotal, State & Local Assistance	**2,864.0**	**1,578.5**	**2,829.5**	**2,026.5**	**1,587.5**
Weed and Seed Program	**34.0**	**33.5**	**34.0**	**42.0**	**42.0**
Public Safety Officers Benefits Program	**0.0**	**3.5**	**0.0**	**0.0**	**10.0**
Community Oriented Policing Services (COPS)					
Community Policing	1,400.0	600.0	455.0	929.6	600.0
Indian Country Law Enforcement	n/a	[45]	[40]	[45]	[45]
Bullet Proof Vests	n/a	[25]	[25]	[25]	[25]
Safe-Schools	n/a	[20]	0.0	[20]	[20]
DC Offender Services Office	n/a	[19.6]	0.0	[19.6]	[19.6]
Methamphetamines	n/a	0.0	[35.7]	0.0	0.0
Management and Administration	[32.0]	[36.0]	[29.8]	[36.0]	[36.0]
Police Corps	30.0	[30]	0.0	[30]	[30]
National Police Scholarships	0.0	[20]	0.0	[20]	[20]
Technology	n/a	350.0	130.0	342.0	350.0
Police Communications					
Interoperability	n/a	[60]	0.0	[60]	[60]
NTIA Demonstrations	n/a	[20]	0.0	[20]	[20]
Information Integration	n/a	[20]	0.0	[20]	[20]
Other Communications Improvements	n/a	[25]	0.0	[25]	[25]
Crime Solving Technologies					
Convicted Offenders DNA backlog	n/a	[15]	0.0	[15]	[15]
Crime Laboratory Improvement	n/a	[60]	0.0	[60]	[60]

State and Local Law Enforcement Assistance Programs

(in millions of dollars)

	1999	2000		2001	
	Enacted	**Budget**	**Enacted**	**Request**	**ecommend.**
Criminal Record Improvement	n/a	[50]	0.0	[50]	[50]
Crime Forecasting					
Crime Mapping	n/a	[50]	0.0	[50]	[50]
Crime Analysis Tools	n/a	[50]	0.0	[50]	[50]
Community Based Prosecutors	n/a	200.0	10.0	200.0	200.0
Hiring program	n/a	[150]	0.0	[150]	[150]
Innovative programs	n/a	[50]	0.0	[50]	[50]
Community Crime Prevention	n/a	125.0	0.0	220.0	125.0
Subtotal, COPS	**1,430.0**	**1,275.0**	**595.0**	**1,691.6**	**1,275.0**
TOTAL	**4,830.0**	**3,518.9**	**4,053.2**	**4,465.8**	**3,560.2**

FIREARMS ENFORCEMENT PROPOSALS

Original Proposal: $309 million total

1. $275 million proposal (Need $34 million in proposed reductions)

Keep original requests but change:

(a) Prosecutors	
250 Federal prosecutors $28.7 million	(-$28.7 million)
750 local prosecutors $112.5 million	(increase could be earmarked within existing $200 million community prosecutors)
(b) Brady/NCHIP $19.7 million	(-$5.3 million) Total reduction= $34 million

2. $250 million proposal (Need $59 million in proposed reductions)

Keep original requests but change:

(a) Ballistics testing $20.5 million increase ATF -- $16.5 million FBI -- $4 million	(-$15.3 million)
(b) Brady checks / NCHIP $10 million	(-$15 million)
(c) Prosecutors	
250 Federal prosecutors $28.7 million	(- $28.7 million)
750 local prosecutors $112.5 million	(increase could be earmarked within existing $200 million community prosecutors)
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Brady/NCHIP $19.7 million	(-$5.3 million)

Sarah Rosen Wartell
12/03/99 04:54:32 PM

Record Type: Record

To: See the distribution list at the bottom of this message

cc: I.Michael.Greenberger@usdoj.gov, Joseph.Graupensperger@intmail.usdoj.gov, Rachael F. Goldfarb/OPD/EOP@EOP

Subject: two views on the proposed Levin amendment

During the waning hours of the senate debate on the bankruptcy bill, Senator Levin sought the Administration's views on his amendment to make certain civil judgements involving guns nondischargeable in corporate bankruptcies. While DPC was inclined to be supportive of Levin's gun policy objectives, we were unable to fairly assess quickly whether the amendment did undue violence to bankruptcy policy and thus demurred. However, with the additional time available before Congress reconvenes, Levin has asked that we look more fully at the issue. And I asked DoJ to provide us with their preliminary reactions.

As the note below indicates, there are various competing factors here, so we are forwarding two preliminary views internal to DoJ to stimulate thinking. I would like to convene a meeting late next week to discuss these papers. rachael please schedule with the folks above.

Joel -- If there are others in WH leg affairs who handle guns in the House or Senate, please pass this along and let rachel know who to inform about scheduling.

Sarah -- If you are not the right person in WH counsel's office, please let us know.

Deanne -- If there are others in DPC who should be invited? Pass along and advise Rachael.

Thanks all!

---------------------- Forwarded by Sarah Rosen Wartell/OPD/EOP on 12/03/99 04:43 PM ---------------------------

"Greenberger, I Michael" <I.Michael.Greenberger@usdoj.gov>
12/03/99 04:20:17 PM

Record Type: Record

To: Sarah Rosen Wartell/OPD/EOP

cc: "Graupensperger, Joseph" <Joseph.Graupensperger@intmail.usdoj.gov>

Subject: two views on the proposed Levin amendment

Sarah: As I mentioned in our phone call today, we have two very informal, short, and slightly contrasting, views on the Levin amendment. I thought it would be useful for you to review these quite informal "think" pieces to get your views. One piece worries more about impacts on bankruptcy policy, while the other tries to harmonize that policy with the broader concern about weapons. As you will see, even the paper which leans toward the Levin amendment, proposes an important modification. As I mentioned, neither of these short papers has in any way been vetted in the slightest. They were designed for my benefit alone, but I thought it would be helpful to get further input. Mike

- civil.levin.wpd

- bankruptcy.levin.wpd

Message Sent To:

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In passing the Bankruptcy Code, Congress provided a mechanism for debtors to obtain a fresh start free from the burdens of pre-bankruptcy debt. Reorganizations and fresh starts can provide important societal benefits if they enable the continuation of viable businesses that pay employees wages, pay taxes, and contribute to economic development. However, the goal of providing debtors with fresh starts free from pre-bankruptcy debt can come into conflict with other important policies and goals of Congress. Congress may choose to balance and harmonize these other goals and policies with the goal of a fresh start in order to set public policy on the valid limits of bankruptcy law.

The Bankruptcy Code itself already contains a number of examples of such balancing resulting in limits, requirements, and exceptions in return for providing a debtor with the opportunity of a fresh start. For example, corporations do not have an inherent right to a fresh start without regard to any other considerations: they must formulate a plan of reorganization that is found to be "feasible" by a court and is accepted by the creditors who have been harmed or impaired by the business. By enacting these limits or requirements, Congress has recognized that the societal benefits from reorganization per se can be outweighed by other considerations. If a business cannot demonstrate that it will likely not fail again, chances are that it will cause more harm than good by incurring new unrecoverable liabilities and the company will not be permitted to reorganize. Likewise, Congress placed a value on the goal of fair treatment of existing creditors. If the creditors feel they have been not been treated fairly by the corporation, Congress provided that the corporation might not be permitted to reorganize.

Another important example of a Congressionally recognized exception to the goal of a fresh start is the police and regulatory exception to the bankruptcy automatic stay. The bankruptcy automatic stay is closely related to the goal of a fresh start because it permits the debtor a period of respite or safe haven so that it can concentrate on reorganizing its affairs free from the collection efforts of its creditors. However, Congress recognized that the important policies underlying police and regulatory statutes override the debtor's interests and that bankruptcy should not be a safe haven for wrongdoers. Congress therefore provided a police and regulatory exception to the automatic stay, which permits police and regulatory actions to continue to judgment but which does not permit Governments to enforce money judgments against assets of the debtor.

Other examples of limits on the goal of a fresh start can be found in the exceptions to discharge contained in Section 523 of the Bankruptcy Code, which applies to individual debtors seeking a fresh start. Here, Congress determined that there are important polices underlying laws providing for damages from fraud, alimony, damages from willful and malicious injury, fines, penalties, forfeitures, certain taxes, injuries from intoxication, and educational loans (and, as most recently passed by both Houses, but not currently law, child support) that must be balanced and harmonized with the goal of a fresh start. Congress balanced these goals by permitting debtors with these liabilities to file for bankruptcy and have their assets administered in an orderly fashion by the bankruptcy courts. But

Congress also limited these debtors' fresh starts by making these kinds of debts non-dischargeable and thus subject to collection from the debtors' post-bankruptcy assets. Congress made this judgment because it felt that the policies embodied in these kinds of statutes were too important and would not be given appropriate recognition if such liabilities could be too easily wiped out by debtors. That is not to say that holders of these important claims are unaffected by debtors' bankruptcies. The Code does not permit them to seize assets of bankruptcy estates to satisfy their judgments. Rather, Congress struck the balance that provides for an orderly bankruptcy process as to existing assets but also provides these creditors with a second chance to collect on their debts from post-bankruptcy assets. Congress determined that the policies underlying these types of statutes thus outweigh the need for a complete fresh start. These types of statutes/public policies would have unduly limited meaning or effect if they could be so easily swept aside by the relatively easy act of filing for bankruptcy.

In sum, the process of balancing bankruptcy goals against other important policies is a valid one for Congress to undertake. Nonetheless, there is always a cost to piecemeal exceptions to general bankruptcy policy. Exceptions to general rules can impede fresh starts and lose the related societal benefits. Advantages to some creditors may limit the ability of future creditors to collect on their claims. They also raise questions of fairness on account of the differential treatment of creditors. Thus, exceptions to the general bankruptcy process should only be made for strong public policy reasons.

Senator Levin's proposed amendment would make an exception to the bankruptcy discharge and bankruptcy automatic stay for certain liabilities arising from the use or transfer of firearms. The cost to society from the improper use or transfer of firearms has been alleged to be very significant. The firearms law policies in question seek to hold entities responsible for the costs of improper use or transfer of firearms. This policy comes into conflict with the bankruptcy goal of a fresh start. If a debtor is permitted to reorganize with a fresh start free of the costs it has caused society to incur, the important deterrent policies underlying the firearms law will be undermined. Moreover, if the entity knows it can evade the costs associated with improper use of its products through bankruptcy, it may lose any incentive to take steps to avoid the harms caused by improper use and transfer. The policy question then is whether this undermining of firearms law presents a significantly strong enough public policy reason so as to require a better balancing and harmonizing of bankruptcy and non-bankruptcy law.

It should be noted that the proposed amendment would be the first time the Code has made an exception to discharge of debts in a corporate reorganization (chapter 11) cases. However, this may reflect the fact that the kinds of liabilities at issue under the existing exceptions to discharge in individual cases arise most often in individual cases. Gun liability issues evidently arise in the corporate context. Nonetheless, it is a fair question to ask whether any improper or cost-imposing conduct of gun companies is different than conduct of other kinds of companies that may engage in improper or cost-imposing conduct.

If not, there may be a larger general problem with reorganization and discharges of companies that engage in these kinds of activities that should not be addressed piecemeal. However, it may be that firearms conduct is a sufficiently unique or large problem that it warrants special or first attention. In sum, the amendment presents a policy decision for policymakers in the Administration and Congress.

If the Administration/Congress believes that the policies underlying firearms law are sufficiently weighty to require a rebalancing of the interaction of firearms laws and bankruptcy laws, there is still a question of how the balance should be struck. The proposed legislation provides both an exception to discharge and the automatic stay. As discussed above, some exceptions to discharge and the automatic stay have not prevented the bankruptcy system from operating in an orderly fashion. One might thus permit firearms creditors to have an exception to discharge that gives them a second chance at collecting the costs caused by these debtors from post-bankruptcy assets and an exception to the automatic stay that permits them to commence and continue litigation to establishment of a judgment. However, the proposal here would go further than any existing exception (including the very important police and regulatory exception) by also permitting creditors to seize assets being administered in the bankruptcy estate. That proposal may be an invitation to a chaotic race to the courthouse that would unfairly favor rich or fast firearms creditors over poor ones. It would also create a form of anarchy that would prevent the orderly administration of these debtors' bankruptcy cases. The proposal thus may be inconsistent with permitting these companies to reorganize (which the amendment would allow).

If the Administration determines that this feature of the proposal goes too far, the below redlined amendment would limit the proposal and bring it into line with the existing exceptions to discharge and the automatic stay under the Bankruptcy Code. As amended, firearms creditors could commence and continue their cases to judgment. They could also collect from post-bankruptcy assets. But they could not seize assets being administered in the bankruptcy estate. If they wished to share in these assets, they would have to participate in the case with other creditors. With this change, the amendment would parallel the other existing exceptions to discharge and the automatic stay under current bankruptcy law.

(b) AUTOMATIC STAY.-Section 362(b) of Title 11, United States Code, as amended by section 901(d) of this Act, is amended-

(1) in paragraph (27), by striking "or" at the end;

(2) in paragraph (28), by striking the period at the end and inserting "; or"; and

(3) by inserting after paragraph 28 the following:

"(29) under paragraph (1), (2), (3) or (6) of subsection (a) of this section, of ~~"A)~~ the commencement or continuation, and conclusion to the entry of final judgment or order, of a judicial, administrative, or other action or proceeding for debts that are non-dischargeable under section 1141(d)(6), including the enforcement of a judgment other than a money judgment obtained in such a proceeding."~~; or (B) the perfection or enforcement of a judgment or order referred to in subparagraph (A) against property of the estate or property of the debtor."~~

Senator Levin and others propose an amendment to the bankruptcy laws which would prevent non-individuals (usually corporations) who confirm a chapter 11 plan of reorganization from discharging debts "related to the use or transfer of a firearm." The debt must be "based in whole or in part on fraud, recklessness, misrepresentation, nuisance, negligence, or product liability." It also exempts suits to collect, and judgments for, such debts from bankruptcy's automatic stay and allows the collection of the judgments from estate assets.

We clearly understand the proposal's objective of preventing unscrupulous members of the gun industry from avoiding their responsibility for improper production, marketing and distribution practices. Nevertheless, as discussed below, this proposal represents an unprecedented change in the bankruptcy laws. Before such a change is made, a principled basis for selecting the targeted entities should be articulated. In addition, we question whether the proposal, if adopted, would accomplish its intended goals.

Currently a corporation in bankruptcy receives an "all or nothing" discharge. That is, a corporation which confirms a non liquidating plan of reorganization (i.e., stays in business) receives a discharge of all debts except to the extent the plan or the order of confirmation provides otherwise; a corporation that liquidates (i.e., sells all its assets), whether under chapter 11 or chapter 7, receives no discharge at all. Hence, the proposal would create a unique limitation on a corporate debtor's "fresh start" under chapter 11.

This amendment differs in at least two significant ways from the provisions in section 523 of the Bankruptcy Code which currently make certain debts non-dischargeable. (Note: DOJ's letter to Senator Schumer, supporting non-dischargeability of claims for damages for family planning clinic violence, relates to an amendment of section 523.)

First, section 523 applies to individuals. Even if they own unincorporated businesses, individuals infrequently reorganize under chapter 11. One reason is that reorganizations can result in the creditors becoming the owners of the reorganized company. In fact, under the so-called "absolute priority rule" in chapter 11, if all creditors of an insolvent debtor are not paid in full, the old equity holders are not permitted to retain an interest in the company. Creditors are normally interested in maximizing recovery, and chapter 11 is viewed as fostering that objective. In this regard, saving debts from discharge is contrary to the creditors' economic interests if a reorganization which would maximize estate values and preserve the business' future earnings is frustrated.

Second, the proposal's scope is broader than the analogous provisions now found in section 523 (or the amendment supported in the letter to Senator Schumer). Insofar as section 523 is directed at certain acts of individuals, it generally excepts intentional bad acts giving rise to fraud and willful and malicious injury claims. (Other categories of debt, such as alimony and certain tax claims, are also made non-dischargeable.) Senator Levin's proposal covers a broader category of claims "based in whole or in part on fraud, recklessness, misrepresentation, <u>nuisance, negligence, or product liability</u>." Thus, a product liability claim against a reputable gun manufacturer stemming from a hunting accident would be equally non-dischargeable as a city's claim for reckless distribution against a disreputable gun manufacturer.

Whether this legislation would achieve its purposes is unclear. Depending upon the size of the non-dischargeable debts relative to the debtors' ability to pay, the proposed limitation on discharge could present insurmountable hurdles to chapter 11 relief. To that extent, this legislation is a proxy for putting them out of business. Frustrating reorganization, however, does not necessarily mean the end of the assets, such as the plant, equipment and technology, used to make the firearms. Indeed, the liquidating agent, such as a bankruptcy trustee, is obligated to liquidate the assets at their highest use value which might well be to make firearms.

The threat of insolvency motivates creditors to race to secure judgments and enforce collection while the debtor still has assets. The winners can secure payment in full while the losers are left with nothing. The bankruptcy stay of all creditor collection actions stops the race and allows time for reorganization or, failing that, a rationalized liquidation where similarly ranked creditors share pro rata. The holders of all kinds of debt including, for example, tax claims, could be losers in a "free fall" liquidation. And, of course, the stockholders, employees and vendors of such businesses would also suffer.

The proposal seemingly is aimed at the manufacturers of inexpensive handguns, the so called "Saturday night specials" implicated in violent crime. Yet, as noted above, the amendment is not limited to such businesses. In fact, the more established firearm manufacturers are more likely to attempt, and be successful in, reorganization than less established businesses. The makers of inexpensive guns presumably have fewer valuable assets and more flexibility to avoid liability through less formal means than bankruptcy. For example, a "fly-by-night" business which leases most of its real estate and equipment and maintains minimal inventory, or otherwise has few fixed, patented or trademarked assets, is freer to attempt to evade liability by changing form or transferring assets or merely disappearing to set up shop in another locale under another name.

Furthermore, the proposal does not preclude other forms of insolvency proceedings, such as an equity receivership. They are rarely used but would be the logical alternative if debtors are blocked from using federal bankruptcies. In the end, an equity receivership could wind up looking like a federal bankruptcy proceeding except for the discharge.

Finally, the proposal may in some instances be unnecessary. To confirm a chapter 11 plan, a debtor must demonstrate that its plan is feasible. If the conduct which gave rise to the huge judgements prompting the bankruptcy will continue post-confirmation, feasibility would be dubious. The new entity would emerge from bankruptcy only to face renewed liabilities for its ongoing bad acts (whether or not the old liabilities were discharged as a result of their treatment in the plan).

A possible middle ground would be to propose a limited version of the amendment's current exception from the bankruptcy stay. The proposal could be modified to allow the entities alleging the specified claims to sue and secure a judgment free from the stay in the fora they select (as opposed to the bankruptcy court which is generally viewed as being more debtor oriented). The collection of the benefitted debts, however, would be stayed like other debts. This would allow the debtors to file a bankruptcy and attempt to reorganize and would stop the race to judgment. If the non-dischargeability provisions were also retained, this would, in effect, give the holders a veto power over a plan but not frustrate entirely the reorganization process. In any event, the proposal to permit execution on estate assets free and clear of the bankruptcy laws should not be supported.

HUD's Gun Violence Reduction Initiative for FY2001

HUD has a dual statutory mission: to provide "decent, safe and sanitary" housing to the millions of families and thousands of communities in need of assistance in America, and to assure that community and economic development helps to support the general health of those communities. But gun violence is a major threat to both of these missions—and to the families and communities themselves. More than 30,000 people are killed and 100,000 are injured by guns each year.

Public housing residents suffer from some of the most concentrated gun violence in the Nation. HUD estimates that there are over 10,000 gun crimes committed every year in the housing units managed by our Nation's 100 largest public housing agencies and that, on average, someone is being murdered with a gun every day in those developments. Often, these crimes are committed by outsiders preying upon public housing residents.

Tragically, the violence affects our young children worst of all. The rate of firearm death of children aged 0 to 14 in the U.S. is higher than in any other industrialized country and almost *12 times higher* than the average rate in the other 25 industrialized countries. The suffering and the fear is very real and must be addressed so that all of us, regardless of where we live, can be safe and feel safe in our own homes.

The Department has used available agency resources creatively to respond to the broad epidemic of gun violence. In doing so, HUD has addressed its efforts to both public and assisted housing communities and to the larger community as well because both types of HUD's investments are threatened by gun violence. For example, HUD has initiated a pilot gun buyback program and is in the process of developing a youth conflict resolution program called the Peacemaker Corps. More, however, can and must be done about gun violence in and around the communities that HUD serves.

For the FY 2001 budget, HUD proposes a $50 million Gun Violence Reduction Initiative that will target the problem of gun-related violence, both criminal and accidental, in America's communities. This initiative will include three (3) program elements, plus an evaluation:

- **EDUCATION. Public education programs for residents of public and assisted housing, including curriculum kits suitable for use with school-aged children, and broader public campaigns to help other recipients of HUD assistance address the misuse of firearms as they manage their programs;**
- **ACTION. Technical assistance and seed money to local governments, public housing agencies, and nonprofits for implementing gun violence reduction programs in and around public or assisted housing, in neighborhoods with large numbers of Section 8 recipients, and in areas receiving HUD-funded community development or economic revitalization, including Empowerment Zones and Enterprise Communities and Section 108/EDI. Community involvement of government, residents, businesses, and others will be an essential element.** These

efforts will ask communities to address gun violence reduction not just in the context of existing community safety programs, but also in relation to HUD's broader investments in the community, and to build on such programs. They will also make available model rules and regulations for reducing gun violence, as well as other "best practices" in the form of training and resource materials; and

- **RESEARCH & DEVELOPMENT. Gun violence tracking to close the knowledge gap in many communities.** Of the $50 million, HUD would make $5 million available for state-of-the-art computer crime tracking and mapping partnerships to build databases on gun-related crimes. These much-needed databases, which would be expandable to include a wide array of other crimes, would help communities, researchers, and policymakers target, monitor, and adjust their interventions over time. HUD has funded major advances in placed-based crime mapping using Geographic Information Systems (GIS) in the past few years, but no long-run surveillance of gun-related crimes by details of the crime and place has yet been launched. Such surveillance would arm law enforcement and communities with the information they need to fight back smart.

In addition, HUD proposes to set aside $500,000, or 1% of the $50 million, to evaluate the initiative and report on which elements, or combinations of elements, are effective at reducing the plague of gun violence in various community contexts.

U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
WASHINGTON, DC 20410-6000

OFFICE OF POLICY DEVELOPMENT & RESEARCH, Room 8146

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RE: CRIME

fax cover

From the office of Xavier de Souza Briggs
Deputy Assistant Secretary

date: 15 DEC 99
to: LEANNE SHIMABUKURO
org: WH / DPC
fax: / 456-7028
pages: 3 (including this cover sheet)

comments

SECRETARY CUOMO HAS PROPOSED THIS FOR FY2001. PAUL W. SUGGESTED THAT I FAMILIARIZE YOU WITH IT AND GET YOUR INPUT. THANKS. BEST — XAV

Should there be a problem in transmission, please call **202/708-4230**.

Crime Budget Priorities
Increases over Enacted
($ in millions)

Photo licensing ATF or DOJ? # through NICS cost?

	DPC Request	Current/ Offer	Possible Comments
Firearms Enforcement:			
500 New ATF Agents	$69.1	$14.5	Funds 105 agents
250 New ATF Inspectors	14.6	8.4	Funds 144 inspectors
Gun Tracing (Treasury)	12.0	8.7	
1,000 Gun Prosecutors			
500 Federal *	57.5	7.0	Funds 80 positions
500 State/Local	75.0	75.0	Earmarked within ~~$200M~~ for prosecutors
Expanded Ballistics	35.8		DPC requests $35.8 but does not specify the split bet. Treas and DoJ. total current offer is $6.4M, balance of $29.4M.
FBI		1.4	
ATF		5.0	
Brady Background Checks (States) by doubling NCHIP ($35M in 2000)	35.0	25.0	
National Instant Notification	5.0	5.0	
Subtotal Firearms Enforcement	**304.0**	**150.0**	needs $4m add
Kids and Guns:			
Promoting Gun Safety (Treasury)	2.0	0.0	
Local Media Campaign (Justice)	10.0	10.0	Earmark in Byrne
Community Supervision of Released Offenders			
Rentry Courts and Rentry Partnerships	125.0	60.0	Includes $25M for Drug Testing
Police Gun Buyback			
Ending Re-sale of Used Police Weapons	10.0	10.0	Earmark in COPS
Local Law Enforcement/21st Century Policing			
COPS Hiring	200.0	50.0	Extra hiring funds would reduce prosecutors to $150 million
Zero Tolerance Drug Supervision			
Drug Testing	150.0	100.0	Includes $25M for ONDCP
Drug Courts	35.0	10.0	?
Residential Substance Abuse Treatment	12.0	2.0	
TOTAL	$848.0	$392.0	

std for exp/inexp.

* DOJ reports that 500 Federal prosecutors would result in between 2,500 - 7,350 convictions per year and require $1.3 - $3.8 billion in new prison construction and an annual cost of between $520 million - $1.515 billion to fund prison operation, detention and the U.S. Marshals.

14-Dec-99
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Drug Test (double count?)

Photo licensing ATF or DOJ?

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01:18 PM

Drug Test (double count?

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FAX COVER SHEET

TO: Leanne Domestic Policy Council

FAX #: 456-7028

FROM: Doug Horner, 514-3928

DATE: 12/15/99

SUBJECT: Reentry & Gun research proposals

TOTAL NUMBER OF PAGES INCLUDING COVER: 13

COMMENTS:- These are the 3 papers that Jeremy mentioned to you. The initiatives can be expanded, if that's desirable.

12/15/99 18:13 FAX 202 307 6394 OJP/NIJ/OD 002

3. **Prisons at Work Demonstration Program** .... **[$6,000,000]**

State prisons in the United States currently house 1.2 million inmates, 1 million of whom are between the prime working ages of 20 and 64. Yet only 78,000, or 6.5 percent of the total, work in jobs that produce marketable goods and services. The United States economy is operating at full employment levels while, at the same time, our prisons stockpile 2.5 billion untapped labor hours every year. Many economists wonder whether this huge labor force might help the U.S. keep its manufacturing and other jobs here. The $6 million increase will be made available through funds requested under the Correctional Facilities Grants Program, which is funded under VCRTF.

Prison employment programs prepare inmates for meaningful re-integration into the community by teaching them marketable trades and skills. In addition, inmates develop work ethic, pride, responsibility, and motivation. Together these learned skills give recently released offenders an alternative to criminal industries which, in turn, can lead to lower recidivism rates. A study titled "Crime and Poverty: Some Experimental Evidence from Ex-Offenders," R.A. Berk, K.J. Leinihan, and P.H. Rossi, confirmed previous findings from an unpublished paper, *Recidivism Among Federal Prison Releases in 1987: A Preliminary Report*, by Harer, M.D., showing that ex-offenders with jobs commit fewer crimes than ex-offenders without jobs. Between 1979 and 1992, inmates employed in prison-based joint ventures certified by the Department of Justice earned over $28.6 million, with contributions of $5 million to offset the cost of their incarceration, $3.2 million in federal and state taxes, $1.7 million in victim compensation, and $1.9 million toward support for their families. These combined deductions of nearly $11.9 million represent a return to society of $0.41 for every dollar these inmates earned (NIJ's *Program Focus*, November 1995). The financial argument alone is compelling in its support for prison employment programs, and the potential benefits to society in terms of reduced recidivism rates merely add further weight to this position.

Despite these compelling reasons to increase inmate employment, no state employs more than 10 percent of its inmate workforce in the production of marketable goods or services. This is because efforts to increase utilization face many obstacles, including the realities that: (1) prisons aren't physically set up for production; (2) security and safety considerations constrain efficient work arrangements and overall productivity; (3) correctional managers are trained for supervising and housing inmates, not for producing and marketing products; (4) many inmates are unskilled and poorly trained for producing marketable goods and services; (5) prison industries are constrained by law and policy in the types of products they can produce; and (6) prisons are often not conveniently located for interaction with private sector partners.

The Federal government has over 60 years experience in developing and managing prison employment programs which, in 1997, produced over $500 million in goods and services sold to the U.S. government. The Federal government, and NIJ in particular, can build upon federal experience and expertise in administering prison-industry programs to develop national models and strategies to assist State prison systems in increasing inmate employment and transitioning offenders to full-time employment upon release.

To achieve this, NIJ envisions a long-term demonstration program that will concurrently employ two strategies: a model "Prison at Work" program and a "Model Industry" innovations grant program. In three Prison-at-Work sites, NIJ will work intensively, over several years, to remove barriers to employment and to increase the number of inmates employed. In "Model Industry" innovation sites, NIJ will offer incentive grants to test innovative prison employment experiments within 40-60 State prisons. Together, the two "Prison at Work" programs will comprehensively apply state-of-the-art strategies in three prisons while also hosting 40-60 laboratories to develop and test new approaches that improve the state-of-the-art.

<u>Model "Prison at Work" demonstration sites --$3 million</u>. NIJ will enter into partnerships with three State prison systems with the goal of systematically improving prison employment over a 5-year period. NIJ will work with the demonstration sites to gradually remove obstacles to employment. Some obstacles require management analysis and reformation. Others might require legislation to remove restrictions on production for prison products. Other changes might be structural --requiring redesign and reconfiguration of prison space --or technological --requiring new solutions to monitoring inmates working outside prison walls. The partnerships will sustain focus on the list of barriers and the goal of significant increases in employment.

Through a combination of technical assistance and demonstration funds, NIJ will help prison officials develop the plans, financing, training, management structures, incentives, and legislation needed to implement changes within designated prisons. During the implementation phase, on-site analysts and evaluators will monitor progress, identify technical assistance needs, and document processes as well as results. Interim assessments will review the results of individual actions and modify them as appropriate. NIJ estimates the cost of these efforts at $3 million annually, over the projected five years of the program.

<u>"Model Industry" innovation grants --$2 million</u>. NIJ will award 10 "Model Industry" innovation grants per year to demonstrate and test innovative approaches to increasing inmate employment. Grant awards will require that prisons demonstrate new production methods, target new portions of their inmate populations, support prison operation needs through internal production, develop restorative approaches for neighboring communities, or test new marketing approaches. NIJ estimates the cost of this project at $2 million annually.

Evaluation and Program Support --$1 million.
In addition to this evaluation, each "Model Industry" innovation grant will contain its own internal evaluation and documentation of results and outcomes. NIJ estimates the cost of program evaluation at $500,000 annually.

NIJ will provide substantial amounts of technical assistance for the sites in both the demonstration and innovation components. Much of this assistance will come in the form of expert consultants on issues such as facility conversion, financial and market analysis, management training, etc. NIJ estimates the cost of this assistance at $300,000 annually.

Advocates of work in prisons suggest that, besides producing revenue and defraying the cost of their imprisonment, working inmates are easier to manage. Many economists agree that with prison work experience, released inmates are more likely to be employed, and less likely to recidivate after release. NIJ proposes to test these assertions over the life of the program. NIJ will conduct a multi-site outcome evaluation, spanning both programs, of the following two questions:

1. Do inmates who participate in full-time work while in prison have better job success and recidivate less than idle inmates after release?

2. How does increased prison employment affect the structural and behavioral climates within prisons?

NIJ will also disseminate information and findings in the form of publications, national conferences, etc., to inform policy makers and practitioners of what works, what doesn't, and what's promising in prison employment approaches. NIJ will also take its findings and develop one or more national prison employment models that can be replicated in State prisons. NIJ estimates the cost of this dissemination at $200,000 annually.

To fulfill the mission of the "Prisons at Work" program, NIJ requests three additional positions. These personnel requirements --in terms of numbers and skills of staff --derive from NIJ's experience in other large scale demonstration/evaluation programs: Breaking the Cycle, a $7 million/year longitudinal demonstration project; and Law Enforcement and Family Support, a $2 million annual innovation grant competition.

A project director will: (1) oversee work and progress of the entire project and supervise staff; (2) oversee and plan the evaluation of the programs and project; (3) be responsible for strategic planning; and (4) maintain contacts with federal partners.

A "Prison at Work" demonstration program director will: (1) be responsible for planning, selecting, and managing 3 prison demonstration sites; (2) work with federal partners and prison industries to inform project; (3) work closely with prison staff to ensure program goals are met; and (4) coordinate information exchange among 3 sites.

A "Model Industry" innovation program director will: (1) be responsible for annual solicitation, including writing the solicitation, coordinating peer reviews, making recommendations, and notifying applicants; (2) manage up to 10 grants to test innovative prison employment strategies; (3) hold annual grantee conference to exchange information; and (4) develop publications that coalesce experiences in all program sites to inform practitioners and policy as to what works, what doesn't, what's promising in prison employment models.

2. **Childproof Gun and Gun Prevention Technology** .... $4,000,000 *

The National Institute of Justice (NIJ) technology mission is to identify and provide access to promising technologies for use by law enforcement agencies to enable them to perform their jobs more efficently and effectively and to provide the necessary tools to enhance protection of the public and to law enforcement officers. NIJ requests $4 million to expand development, testing and replication of "smart gun" technologies which will reduce the cost to human life resulting from the use of weapons taken accidentally or intentionally from their proper owner. Currently, there are four different and promising techniques for "smart gun" development -- radio frequency, biometrics, voice recognition, and touch memory. Once fully developed and tested , these "smart gun" technologies will allow law enforcement officers'weapons to be more safely and reliably secured and will help prevent accidental deaths to children who have access to a firearm.

Of the $4 million requested, $1 million would be used to replicate and distribute the radio frequency technology prototype to law enforcement agencies for actual field testing, as well as provide training and testing for officers in the field. Of the four most promising techniques for "smart gun,", radio frequency technology is the only one to be developed into a prototype. A partnership was formed with Colt's Manufacturing to develop the radio frequency "smart gun" technology. The radio frequency "smart gun" works by an energized weapon emitting a radio signal which is received by a small transponder worn by the authorized user. The transponder returns a coded radio signal to the firearm. When the weapon hears the signal, the trigger is unlocked and the weapon can be fired. Colt's Manufacturing has spent more than $1 million of its own funds and NIJ has added an additional $500,000 to support the development of the radio frequency "smart gun." In 1999, NIJ is planning a controlled field test of the Colt's Manufacturing radio frequency "smart gun" prototype. Two local police academies will develop simulations of situations in which guns are taken away from police officers, and evaluate the weapon's capabilities during these tests. These findings will help to further refine this technology.

As for the development of radio frequency technology, it is only one possiblility and may not be the most suitable in many situations such as childproofing a weapon. Research conducted by Sandia National Laboratories suggests several other technologies that may be suitable for "smart gun"application, including touch memory, biometric technologies and voice recognition. The remaining $3 million would be used to develop at least two of the other three technologies, at a cost of $1.5 million a piece, to the prototype and testing

* We understand that this initiative, at the $4 million level, will be included in the FY 2001 President's Budget.

phase. One or both of these technologies may be better suited for childproofing guns. At least one of these concepts, one similar to touch memory is currently available in an expensive, custom made revolver. This technology, although limited, could be further developed to childproof a gun.

RECOMMENDED AGENDA FOR NIJ FIREARMS RESEARCH

The following agenda includes topics ranging from comprehensive, multi-disciplinary research/evaluation efforts to much more specific single-issue studies. Some of these continue and/or expand upon lines of inquiry currently ongoing in NIJ's portfolio, while others initiate new areas of study. Finally, resource availability was not a limiting factor in recommendation decisions; for some of the studies, the Treasury Department (ATF) might be a logical co-funder; for others COPS funding could be a contributor; in others NIJ's base budget would be the most likely funding source. The recommended research roughly follows in priority order.

Problem-Solving Demonstration/Evaluations Targeting Firearm Violence

Of most critical importance to the Institute's firearms research agenda are a series of large-scale multi-agency efforts in selected large to medium cities which utilize problem-solving techniques (the SARA model) to reduce problems of firearms violence. NIJ is currently conducting such a study in Boston, where preliminary findings are quite encouraging. Numerous other cities have expressed interest in employing the Boston problem-solving model, which has involved the following stages:

0 Extensive data collection and analysis to pin-point with precision the characteristics and sources of the city's gun violence problem and its locations and sources;

0 Based upon this data analysis, the design of operational strategies specifically targeting the problem(s) as identified, by a Task Force of criminal justice, local government, social service, and private agencies with an interest in and responsibility for prevention and control of firearms violence;

0 Implementation of these strategies by the appropriate practitioner agencies; and

0 Interactive evaluation (including ongoing feedback) of the impact of these strategies on the prevention and control of (gun) violence.

It is emphasized that, while the recommended series of problem-solving demonstration/evaluation efforts should implement a similar problem-solving, multi-agency process, the ultimate strategies could be quite different from those in Boston, which included interdiction efforts into illegal firearms markets targeting juvenile gangs in several high-risk areas. Other selected sites may be experiencing gun violence problems that have different characteristics, sources, and locations and both strategy design and the make-up of the inter-agency consortium should reflect such differences. However, it is hypothesized that the problem-solving PROCESS itself is transferable across sites.

Sites should be selected based on the size of their gun violence problems, their interest in expending local resources and effort to address them, a coordinated group of agencies agreeing to cooperate in such an effort, and a research component with the necessary methodological and substantive experience and expertise.

The DOJ Criminal Division has indicated an interest in conducting such an initiative in 4-5 sites and the Treasury Department has enthusiastically endorsed many of the features of the Boston study, so co-funding opportunities might exist. In addition, local-level program implementation funding would be required from the Task Force agencies themselves, as NIJ research funds could only be utilized for the data collection/analysis, process documentation, and impact evaluation tasks. It must be recognized that these efforts will be expensive and fairly long-term, if they are to be done effectively. I should estimate that initial research/evaluation funding (excluding program implementation costs) would require approximately $500,000 per site, for a two-three year effort, and that supplementary funding might be needed for a longer-term impact evaluation.

Indiana University has recently submitted a proposal for such a problem-solving demonstration/evaluation in Indianapolis and preliminary review shows it to be a sound effort, meeting the above criteria. It is currently under outside review for funding under the Investigator-Initiated Research Program. With careful monitoring, a second problem-solving effort, to be researched by Rand, will soon be funded in Los Angeles. A current NIJ program in Atlanta would also fit into this program of projects in many respects. Other sites are recommended as well, which reflect a diversity of particular firearms violence problems, geographic areas, city size, and demographics.

<u>Illegal Gun Market Studies</u>

A number of different studies are recommended under this rubric. All of them are critical to criminal justice agencies in designing interdiction strategies and are of special interest to ATF, which has responsibility for regulation and control at the Federal level.

Research on Federal Firearm Licensees

The 1994 Crime Act, Title XI, Section C, increased Federal restrictions on (and fees charged for) the issuing of licenses for retail gun sales. ATF (the Federal regulator of FFLs) had already begun increased enforcement prior to the Act. Consequently, the number of licensees has decreased by 50% since 1993. However, no research has been conducted on the impact this may have had on illegal gun markets and on violent (gun) crime. Such a study is strongly recommended and would be of major interest to law enforcement (DOJ and ATF) and legislative agencies. ATF has a major stake in the findings of such a study, which would have important implications for its ATF inspection and enforcement responsibilities. [This issue is particularly timely now, since gun sales have fallen off in 1997 and the gun manufacturers and NRA have been attributing this decline in sales to the FFL decrease. Therefore, they are initiating a lobbying effort to cut back on the FFL regulations in the Crime Act. Research could establish whether (or how much) this decline in FFLs is contributing to gun sale decrease or whether the decrease in crime and violence in general is responsible for a decrease in motivation to acquire firearms.]

Such a study of FFLs could compare drop-out with non drop-out FFLs in demographic and business characteristics and geographical location as well as comparing them on the past association of their guns with use in crime and violence. Evidence of compliance with straw and other illegal purchasers could also be compared. Data sources for such a study would include ATF's information systems on FFLs, Project LEAD data, and interviews with FFLs (drop out and non drop-out) and law enforcement.

NIJ is currently in receipt of a proposal from the Urban Institute which addresses many of these FFL questions as part of a supplemental request for longer-term funding for an expansion of the Assault Weapons Ban evaluation. This proposal would deal with a number of issues related to illegal firearms markets and is currently under outside review under the Investigator Initiated Program competition.

Secondary Gun Markets

Retail sales (and FFLs) make up only part of the gun market picture (legal and illegal). The potentially larger and more complex aspects involve numerous secondary markets and post-retail transfers of firearms. Research is needed on a wide variety of modes for transfer of guns from person to person and the impact of these alternative transfers on gun use in crime and violence. A number of different types of studies are relevant here and all would contribute to our understanding of illegal gun markets and to the development of policies and strategies for prevention and intervention counter-strategies. Some of these are listed below:

0 A study of <u>gun shows, pawn shops and other non-FFL outlets</u> for acquisition of firearms of various types. Issues to be addressed should include characteristics and criminal behavior of gun purchasers utilizing these outlets; the relationship of guns acquired from these sources to criminal activity and violence; an inventory and assessment of various legislative, regulatory and enforcement strategies designed to target mis-use of these sources; and the types of firearms associated with these various sources.

0 <u>End-to-end tracing studies</u> which would follow a gun from its point of retail purchase through intervening secondary transfers to its ultimate use in crime and confiscation by police. Recognizing that this is a complex and expensive type of research, it could yield important information with rich policy implications for legislation and intervention.

Gun Thefts

Research is needed on individual gun thefts from households and cars (as one type of property theft) and larger-scale thefts from gun stores, pawn shops and manufacturers as part of more sophisticated and organized professional operations. Association of stolen guns with crime and violence is an important and under-researched issue and comparisons could be made between types and locations of thefts, types of guns stolen, and various types of crime/violence and their perpetrators. Sources of data on stolen guns include NCIC archives, ATF tracing data and FFL reports, and interviews with offenders and law enforcement. Comparisons could be made between patterns of acquisition and utilization of new guns stolen from FFLs and manufacturers and used guns stolen in household burglaries or from drug dealers and other individuals.

Legislative and Regulatory Issues

It is recommended that NIJ continue and expand upon previous and current studies examining the implementation and impact of various legislative and regulatory strategies to monitor and/or limit gun acquisition and ownership. Such studies have indicated that, while not a panacea, such regulatory strategies can have a limited impact on control of weapon acquisition and use by unauthorized individuals for purposes of crime and violence.

Assault Weapons Ban

One of the problems with NIJ's initial study was its brief turn-around time period, mandated by Congress. The study yielded a number of preliminary findings deserving of a longer, more intensive analysis and utilization of additional data resources. It is therefore recommended that such a follow-up study be conducted to determine more definitively the impact of the Ban on both legal and illegal gun markets and on crime and violence. As mentioned above, NIJ is currently reviewing a proposal from the Urban Institute to follow up and expand upon its earlier study in a supplemental grant.

Background Checks

NIJ is currently completing a study of Florida background checks and denials for handgun purchases and will soon begin a more in-depth study in California. Such studies are important for their legislative policy implications and preliminary results show some success in preventing acquisition by unauthorized individuals. Effects on crime and violence of various kinds and by various types of offenders have not been adequately studied, however. Thus, further studies are warranted. In addition, research which would identify the most efficient methods and strategies for conducting such background checks would also be of value, given resource constraints at the local and state law enforcement levels

Concealed Carrying Statutes

Given the current proliferation of ordinances permitting concealed carrying of firearms among an increasing number of states, research is needed to examine the impacts of these statutes on crime, violence, fear, and quality of life indicators. This is especially warranted because of the controversy surrounding the Lott and Mustard work in this area. A study (or studies) that would examine similar issues and attempt to resolve some of the weaknesses of the Lott and Mustard data and analyses could contribute greatly to a more accurate assessment of these types of regulations.

Prohibition on Juvenile Possession of Firearms

Section B of the 1991 Crime Act increased restrictions on juvenile acquisition and possession of firearms. Research examining implementation strategies for enforcement of these provisions is needed across multiple sites to identify efficient and effective techniques. Studies should also address the impacts of these more restrictive provisions on juvenile (gun) crime and violence. As with several issues discussed previously, the Urban Institute supplemental proposal currently under review addresses some of these juvenile provisions.

Other Research Issues

Stop and Search Strategies

NIJ has conducted evaluations of a number of such intensive enforcement strategies to confiscate illegal carrying of firearms. This program began with the evaluation of a traffic stop strategy in Kansas City, which found a significant impact on violent crime in the target areas. NIJ is currently completing evaluations of a directed patrol program in Indianapolis, similar to the Kansas City effort, and a consent search program in St. Louis in which police request permission from parents to search households for illegal firearms of juveniles. DOJ is interested in replicating these types of programs in multiple sites and NIJ could provide evaluation funding for such efforts. Care should be taken in selection of high-risk sites, however, to ensure that such approaches are relevant to the local firearms and violence problems, that police are willing to cooperate in such an intensive enforcement effort, and that the problems are large enough that program effectiveness can be measured. [These types of strategies may also be involved in the first group of Problem Solving Demonstration/Evaluation, if data collection and analysis tasks suggest them as potentially effective responses to gun violence in selected sites.]

Guns in the Home

Much research and controversy exists which addresses several aspects of the presence of firearms in households. On one side, advocates of firearms ownership cite their use in self defense, protecting households from burglary and other victimization. On the other side are studies and arguments that the presence of guns in the household increases the likelihood of their use in suicide, accidental injuries and deaths, and domestic violence. Research addressing the effects of the presence of various types of guns in various types of households and under various conditions of safety/storage would be a valuable contributor to the debate on many of these issues.

Juvenile Firearms Violence

These issues are likely to be addressed in many of the research recommendations made previously in this suggested research agenda. However, juvenile issues are important enough to merit special emphasis. Demonstration/evaluation programs targeting juvenile gun crime and violence should be continued and expanded upon; illegal gun market research targeting juvenile markets should be highlighted; the special effects of legislation on juvenile gun acquisition and use are important to address; and issues of juvenile firearms accidents and suicides are particularly critical. NIJ has recognized this need in its current portfolio of gun research and should continue to fund youth firearms issues. This includes school gun violence and crime issues, though these are especially difficult to address effectively, given privacy considerations. Finally, ATF's Youth Crime Gun Initiative has expanded beyond its original seventeen cities, currently being examined in a jointly-=funded NIJ/ATF study and consideration should be given to expanding on that study to include the additional ATF confiscation and tracing sites.

Zero Tolerance Drug Supervision (\$300 million)

This initiative combines key programs to promote coerced abstinence from drugs for offenders under criminal justice supervision. This funding level builds on the FY 2000 budget request. The initiative provides: (1) \$150 million to help states and localities to drug test, treat, and punish prisoners, parolees and probationers; (2) \$75 million for drug courts; and (3) \$75 million for the Residential Substance Abuse Treatment program to provide intensive drug treatment to hardcore drug users before and after they are released from prison.

Study: Local Drug 'Epidemics' Plague U.S.

By DAVID A. VISE
and LORRAINE ADAMS
Washington Post Staff Writers

The nation's drug problem is increasingly evolving into a collection of local "epidemics," according to a report issued yesterday by the Clinton administration's Office of National Drug Control Policy.

The report noted, for example, that marijuana has become the No. 1 cash crop in poor areas of Kentucky, Tennessee and West Virginia, and that there has been a dramatic increase in the production and use of methamphetamines, or speed, in parts of Missouri, Kansas and Iowa.

Barry R. McCaffrey, national drug control policy director, said Americans must face the reality that vast quantities of illegal drugs used in this country are not from abroad and step up efforts to combat domestic production and consumption. He also said the challenge for law enforcement is to use local, state and federal resources to attack the difficulties afflicting some communities and the nation's 4 million chronically addicted drug users.

"We do not just have a national drug problem. What we really have is a series of local drug epidemics," McCaffrey said. "It is not just cocaine out of Colombia."

McCaffrey made the remarks after a two-day conference on "High Intensity Drug Trafficking Areas," 31 regions around the country with drug difficulties that law enforcement officials are targeting. The $190 million program is aimed at local problems that are growing even as the nation's overall rate of drug abuse has been cut in half since 1979 to about 6.8 percent, officials said.

Portions of Kentucky, Tennessee and West Virginia alone produce more than 1.6 million outdoor marijuana plants—more than 40 percent of the nationwide total, the study said. In a poor region, marijuana growers defend their $4 billion bumper crop with lethal weapons.

"Growers and traffickers of marijuana have begun protecting themselves, as well as their crops, with firearms, explosives and booby traps, resulting in an increase in potential threats to law enforcement-officer safety," the study said. "Thanks to marijuana cultivation on public lands, the increasing violence also threatens the safety of numerous employees of, and visitors to, the area's national forests."

Corruption is also a problem, McCaffrey added, with a number of sheriffs in Kentucky recently facing drug-related charges.

McCaffrey said contrary to popular notions that drug problems exist solely in major urban centers, there is, on average, more drug abuse in the suburbs than in cities. He said drug sales in many cities are fueled by purchases made by wealthy suburban residents, adding that drug and alcohol abuse in some Northern Virginia high schools is worse than it is in some high schools in Southeast Washington. He also said major unresolved open-air drug markets continue to plague the city of Baltimore.

In an effort to combat the burgeoning methamphetamine epidemic in the Midwest, law enforcement authorities have stepped up their efforts to shut down clandestine drug labs. For example, the study said that in the first half of this year, 242 secret drug labs were shut down in Iowa and 238 labs were shut down by law enforcement authorities in Kansas.

Methamphetamine also poses an increasing problem in Seattle and the Northwest, according to the study. "The seizure of illegal methamphetamine laboratories is expected to reach all-time record numbers in the State of Washington during 1999," the study said. "Projections are that nearly 500 labs will be dismantled."

While many new local trends have emerged, the report also confirmed that large quantities of drugs continue to move through the New York-New Jersey region, California and Texas. The study also said a majority of the cocaine that enters the United States comes through Mexico.

FINDINGS

Deanne E. Benos
11/24/99 11:33:10 AM

Record Type: Record

To:

cc:
Subject:

Leanne's notes on Alternative Schools:

Promote high quality alternative schools and "Second Chance" programs. Students who constantly disrupt classes and engage in fights make it more difficult for teachers to teach and students to learn. ~~(The President's "Safe and Drug Free Schools" Reauthorization would provide additional funding incentives for such programs. Make sure in the bill. Ask Andy if in our bill?)~~ The proposal would provide $20 million within the Safe & Drug Free Schools Program for schools to fund "Second Chance" programs that enforce clear, consistent discipline codes; require counseling for problem students; and separate chronically disruptive kids from the rest of the class by placing them in alternative schools and other similar programs.

This

The Pres. FY2000 req.
Inc. + got $.9 million for
a similar purpose
to begin to do this
+ Ed. considering
using another $20 as
part of that
initiative
We should consider now

1 Andy:
2 Eric:
1 Alert
2 ~~Seattle~~ kids/Gov
2 Injury Schools
PSA's
PSA campaign safe storage
- Educate shareholders
3 Boston
3 kids grants

DEPARTMENT OF THE TREASURY
BUREAU OF ALCOHOL, TOBACCO AND FIREARMS

"Working for a Sound and Safer America. . .
. . . Through Innovation and Partnerships"

OFFICE OF LIAISON AND PUBLIC INFORMATION
650 MASSACHUSETTS AVENUE, N.W., RM. 8290
WASHINGTON, D.C. 20226

David L. Benton, Assistant Director

FROM: SHEREE MIXELL

TO: DEANNE BENOS

PHONE: (202) 927-8500

PHONE: ( )

FAX: (202) 927-8868

FAX: ( )

DATE: 12/1/99

NUMBER OF PAGES (including cover page) 3

COMMENTS: PER SUSAN GINSBURG

Bureau of Alcohol, Tobacco and Firearms
Office of Public Information

ATF News Summary

Tuesday, Nov. 30, 1999

(New Orleans, LA) Times-Picayune 11/28/1999 p. 1 of 2

PROGRAM AIMS TO GET ILLEGAL GUNS OFF STREETS

BYLINE: By Natalie Pompilio East Jefferson bureau

It's an intimidating poster: a silver pistol glinting in the sun and pointed right at the viewer. But it's no worse than the real thing, and local officials hope the image will prompt citizens to report illegal guns so police can take them off the street.

A program aimed at getting illegal guns off the streets is distributing thousands of 18-by-24-inch posters to schools, businesses and neighborhoods in Jefferson and Orleans parishes. More visibility should mean more citizens will call the program's hotline, 581- GUNS, to report illegal weapons, officials said.

"They'll be able to go in virtually every nook and cranny of the parish," said Rafael Goyeneche, executive director of the Metropolitan Crime Commission. The nonprofit organization is one of the project's sponsors.

The guns hotline, a project initiated by the federal **Bureau of Alcohol, Tobacco and Firearms**, debuted in New Orleans in 1990 and was an immediate success. But calls fell off after cutbacks in federal funding and publicity.

ATF and police officials joined with the Crime Commission to revive the project in 1994. Outdoor Systems Advertising donated billboard space. The program gradually expanded to Jefferson Parish.

In the past five years, the hotline has helped pull 598 illegal weapons off the streets, Goyeneche said. More significantly, tips to the gun hotline have led to 4,454 arrests, 3,095 of which were felony arrests.

"Tips like these can blossom into something a lot more significant than one person committing a single crime," Goyeneche said.

Unlike voluntary weapons turn-in programs, where gun owners willingly hand over weapons for tax credits or out of civic duty, these guns are being taken away from the criminal element, Goyeneche said. These are weapons such as sawed-off shotguns and AK-47s, those designed to incite fear and cause harm.

ATF News Summary

"These aren't the kinds of guns people turn in," Goyeneche said.

Tipsters can call the hotline 24 hours a day. Calls are answered by an ATF agent, and all callers will remain anonymous.

Goyeneche said the Crime Commission, which pours $10,000 a year into the hotline's operation, will distribute 7,500 posters. The Jefferson Parish Sheriff's Office and the New Orleans school district also have agreed to distribute them. Deputies and educators intimately involved with their communities will know the best places to seek help and information, he said.

To report an illegal weapon, call the hotline at 581-GUNS.

DRAFT **DRAFT**

DRAFT FIREARMS BUDGET PLAN

"NATIONAL GUN ENFORCEMENT PROJECT" (name subject to change)

The "National Gun Enforcement Project" would represent a historic commitment to reducing gun violence in our nation. Using the the President's March 1999 Firearms Enforcement Directive as a blueprint, the project would incorporate the most comprehensive strategy ever employed to address issues of gun violence including prevention, safety and tough enforcement ~~including~~ prosecutions and industry compliance.

$215 million. – first yr costs,

& to – agents w/USA,

- Balance # ATF Agents / prosecutors.
- Prisons.
- Federal courts,
- US Marshalls

Robert – States apply with Federal govt for a grant

1,000 Federal Firearms Prosecutors
(Largest increase in history)
(Consider deploying to the 93 strategies stemming from the March 1999 Directive or connecting them to SACSI projects? Consider hiring element for local prosecutors?)

- said can use them.
- But preserve discretion,

500+ ATF Agents (Largest increase in history)

– ATF will take on 1600 new positions in 2001.

250+ ATF Inspectors (Largest increase in history)
(detailed to high crime gun dealers, distributors, and manufacturers)

$7 million

Comprehensive Gun Tracing/Ballistics Testing NIBIN

$5–$10 million (250 cities) 2000 ~~FY 2001~~ $26 (new) + $5 ~~existing~~) – local grant program cut in passback – so need $31 million /

STILL EVALUATING:

Gun Injury Surveillance System
(Compiling information on all gun-related injuries and deaths that includes circumstances, and make, model and caliber of the firearms used. Perhaps data will result in annual reports on the key causes of gun violence and ways to reduce it?)

Emulating the Boston Model: SACSI Coordinators
(Providing resources to help communities establish the coordinated approach to reducing gun violence that Boston used.)

– Passback cut SACSI. (by $30 million)

Gun Safety PSA Campaigns
(Consider state/local grants?)

– ATF produce gun safety publication.

Leanne A. Shimabukuro 12/09/99 12:54:01 AM

Record Type: Record

To: bruce reed

cc: deanne benos, Cathy R. Mays/OPD/EOP, Eric P. Liu/OPD/EOP
Subject: draft budget paper

Bruce -- attached is the latest version of our "wish list" that cover's Michael's areas. While we have all our numbers from Treasury, we are still waiting on a few Justice figures that we were supposed to get today. Justice said they would give us the figures on Thursday. This impacts our estimates on prosecutors, ballistics testing and local gun violence media campaigns (although we have developed some estimates for these items).

We revamped the 1,000 gun prosecutors initiative to be 500 federal and 500 state/local prosecutors (that we could earmark out of community prosecutors). OMB and Justice have a large discrepancy between their estimates for the first year cost of assistant US Attorneys. DOJ's estimate is twice as much as OMB's; we went with OMB's numbers. But we still need to nail down the local prosecutor amount.

You should also know that we are meeting Thursday with the police groups on the police gun buyback issue. It is possible that they may not want a grant program, which we should know in the afternoon.

We hope to have some important numbers from Justice in the morning. But take a look and tell me if this is the level of detail you need for your purposes.

Thanks.

FY 2001 OMB Passback and DPC Request

Staffing and Funding by Agent, Inspector and Program Support

	Agent		Inspector		Program Support		Total		For Firearms Initiatives Only			
	FTE	Positions	FTE	Positions	FTE	Positions	FTE	Positions	FTE Related ($000)	Above FTE ($000)	OMB ($000)	DPC Add ($000)
FY 2000 PresBud Operating Plan	1,904	1,904	749	749	1,505	1,505	4,158	4,158				
YCGII (PresBud)	30	30	5	5	8	8	43	43				
IVRS (PresBud)	52	52	2	2	2	2	56	56				
Tobacco Compliance	1	1	28	28	9	9	38	38				
Promotion Assessment	0	0	0	0	0	0	0	0				
Subtotal Annualizations	**83**	**83**	**35**	**35**	**19**	**19**	**137**	**137**				
NIBIN (Restoration of MCL)									-	5,000	5,000	
OMB-Approved Initiatives												
YCGII Expansion - 5 Cities	15	30	42	84	21	42	78	156	11,337	650	11,987	
Tobacco Diversion	5	10	28	56	11	22	44	88				
NRC Infrastructure	0	0	0	0	0	0	0	0				
IVRS	30	60	17	34	10	20	57	114	14,907	-	14,907	
Financial Mgmt System	0	0	0	0	0	0	0	0				
Lab Maintenance	0	0	0	0	0	0	0	0				
Subtotal Approved Initiatives	**50**	**100**	**87**	**174**	**42**	**84**	**179**	**358**				
Anticipated Appeal Increment--IVRS	65	130	34	68	22	44	121	242	20,975	1,028	22,003	
Subtotal Anticipated OMB Allowance	**115**	**230**	**121**	**242**	**64**	**128**	**300**	**600**				
Total FY 2001 OMB Passback w/Appeal	**2,102**	**2,217**	**906**	**1,026**	**1,588**	**1,652**	**4,595**	**4,896**	**47,219**	**6,678**	**53,897**	
Enhancements Req'd for DPC Support												
YCGII Enhancement (+7 Cities)	21	42	7	14	7	14	35	70	7,422	-		7,422
IVRS Enhancement	119	238	20	40	0	0	139	278	35,251	7,300		42,551
National Crime Gun and Ballistics Information System	0	0	0	0	26	52	26	52	2,952	35,296		38,248
Gun Safety Initiatives*	0	0	0	0	0	0	0	0	-			-
Subtotal Enhancements	**140**	**280**	**27**	**54**	**33**	**66**	**200**	**400**	**45,625**	**42,596**		**88,221**
Initiatives and Enhancements	**255**	**510**	**148**	**295**	**97**	**194**	**500**	**1,000**	**92,844**	**49,274**		
Total FY 2001 w/Enhancements	**2,242**	**2,497**	**932**	**1,080**	**1,621**	**1,718**	**4,795**	**5,295**			**53,897**	**88,221**
FY 2001 Estimated Reimbursable Authority	**90**	**90**	**13**	**13**	**10**	**10**	**113**	**113**			**Firearms Initiatives Totals:**	
Total FY 2001 All Funding Sources	**2,332**	**2,587**	**946**	**1,093**	**1,631**	**1,728**	**4,908**	**5,408**				**142,118**

*Assumes 10 Positions Assigned within Dept of Treasury

FACSIMILE COVER SHEET
DEPARTMENT OF THE TREASURY
OFFICE OF THE UNDER SECRETARY (ENFORCEMENT)
Phone: (202)622-0300
Fax: (202) 622-7301

Date:

Page 1 of

TO: Deanne

FAX:

Leanne

FROM:

SUBJECT: 456 7028

Eric P. Liu
12/10/99 09:30:26 PM

Record Type: Record

To: Deanne E. Benos/OPD/EOP@EOP, Leanne A. Shimabukuro/OPD/EOP@EOP

cc: Anna Richter/OPD/EOP@EOP
Subject: customs

Jim Johnson called to shake the trees for a $25 M package on Customs and narcotics. Anna will fax to you the paper he's sending me. Is this item something already on your screen? On OMB's screen? Is it a fight we leave to others? Let me know. thx

– Not funding as initiative – but support in budget

456-2878

Customs Narcotics Enforcement

- **Resources needed:** **200 agents**
  $25M

- Investigative efforts would focus on the most significant international drug smuggling organizations whose corrupt influence often impacts global trade and economics and public health and safety. Customs investigative approach targets the "command and control" structure of a drug smuggling organization in order to disrupt and dismantle it. Strategically placed special agents and intelligence analysts, well-funded and equipped, will conduct investigations designed to exploit intelligence gained from border seizures to identify, disrupt, and dismantle drug smuggling organizations.

- Drug trafficking continues to be controlled by powerful international drug syndicates who operate huge drug networks that cross our borders daily. With headquarters in Cali, Colombia and Juarez, Mexico these syndicate leaders are the most powerful and ruthless organized crime figures in history.

- These investigative assets would be used to exploit seizures made at the borders to identify and disrupt the transportation and distribution cells of drug smuggling organizations with the U.S. These efforts will increase the return in enforcement results to include increased asset seizures and higher level arrests. If sustained, it is anticipated that these results will eventually translate into an increase in the risk borne by drug traffickers and force them to find alternative means and/or curtail operations.

- Drug trafficking and violent crime are deeply connected. Experts tell us that one-third of all violent acts and almost one-half of all homicides are drug related.

- These resources are needed to stop or deter the entry of illegal narcotics at the border. With additional intelligence and agents, Customs could target illegal shipments at the border and pursue investigations into higher rungs of these illegal networks. Because these type of investigations are labor-intensive, additional agents are necessary to enable Customs to dedicate resources to long-term, complex investigations that have a direct impact on the protection of our citizens.

- The funding of this initiative would contribute to Customs' performance in the following areas:

  - Increase the number of narcotics seizures and the amount of narcotics seized (cocaine, marijuana, and heroin in thousands of pounds) annually by Customs officers.

Exportation smuggling

(1) Have a growing cybercrime center,
(1) Intellectual Prop
(2) Money laundering
(4) Strategic investigations – weapons of mass destruct.

> ➢ With 200 additional agents, Customs will be able to perform many more counternarcotics investigations. These investigations will lead to a substantial increase in the seizures of narcotics crossing the border, increasing the costs of doing business for the narcotics smugglers, and diminishing their smuggling opportunities.
>
> ➢ Impact a change in smuggling behavior by forcing the drug trafficker to alter the roues and/or methods used for smuggling drugs into the U.S. This is one of the principal outcomes of Customs collective counterdrug efforts and yields the benefit of eventually increasing the drug trafficker's transportation costs.

➢ An increase in investigative resources would improve Customs ability to contribute to the following goals of the National Drug Control Strategy: Goal 2: Increase the safety of America's citizens by substantially reducing drug-related crime and violence; Goal 4: Shield America's air, land, and sea frontiers from the drug threat; and Goal 5: Break foreign and domestic drug sources of supply.

- Dexter Montgomery
Customs Budget
927-0652

Their priorities are (not agents.)

- Non-intrusive inspection equipment (x-rays)

-

~~He do~~ Treasury does not have $ for this - + wait to OPC inform.

United States Customs Service
Office of Investigations

- The mission of the Office of Investigations (OI) is to investigate violations over 600 laws enforced by Customs for 40 Federal agencies.

- Last year, Customs Special Agents conducted more than 37,000 investigations that covered the following core priority enforcement programs: Smuggling of narcotics and other prohibited items, money laundering, child pornography, strategic and trade fraud.

Narcotics Investigations

- From those 37,000 cases, 53% were narcotics related (the largest mission area for OI). This comes as no surprise, since over 80% of all illegal drugs are produced outside of the U.S. and smuggled across our border. Customs seizes more drugs each year than all other federal agencies combined.

- OI is proactive in targeting, penetrating, disrupting and ultimately dismantling drug smuggling organizations.

- Our investigative strategy is to link the smuggling activity at the border with inland command and control centers. To accomplish this goal, we employ a variety of investigative techniques to build the investigative bridge between the border and the hierarchy of the organization's command and control center. The most common, but very effective technique we use is the control delivery of narcotics.

- When an inspector makes a seizure of drugs, an agent will respond and attempt to get the smuggler to cooperate and identify the ultimate destination of the drugs. Our agents will then begin to build the bridge by delivering the drugs inland which will help identify the command and control center behind this illegal activity.

- A few of the other effective investigative techniques that we utilize to identify the smuggling organization is undercover operations, electronic surveillance (wiretaps of phones, faxes and computers) and the cultivation of sources of information

- If funded, a large portion of those additional 200 agents would be dedicated toward addressing the enormous drug smuggling threat posed at the border. Other agents would be assigned to those destination cities that serve as distribution points for the imported drugs.

Financial Investigations

- Another priority of OI is to address the ever-increasing money laundering threat. Customs has a broad grant of authority in the conduct of international financial crime and money laundering investigations and is the primary enforcer of money laundering statutes in the international criminal arena.

- Customs formidable enforcement efforts focus on the most significant international criminal organizations whose corrupt influence often impacts global trade, economic and financial systems. The Customs Service has the position of being a principal defender of U.S. trade and monetary systems and America's front line defense inside the borders of the U.S.

- Like narcotics investigations, the overall goal of financial investigations is to systematically disrupt and dismantle the financial infrastructure of international criminal organizations and the payment systems they use to place, layer and integrate their illegal proceeds into legitimate commerce.

- Customs has some 400 Special Agents that specialize in targeting organizations that launder money. Over the last 8 years, Customs agents have seized over 800 million dollars from these launderers. Additional agents would be sent to those areas Customs believes are financial hubs for money laundering (i.e., Chicago, L.A., Miami, New York).

Trade Fraud Investigations

- Customs also conducts investigations aimed at stopping predatory and unfair trade practices that threaten our economic stability, restrict competitiveness of U.S. industry in world markets and place our public health and safety at risk.

- Additionally, Customs is the lead investigative agency in the fight against international Intellectual Property Rights crime. Our agents target those that counterfeit and pirate our ideas, technology and products. It is estimated that each year the loss to the American economy, is in the billions of dollars.

- Customs is establishing a national IPR center to address this threat.

Strategic Investigations

- A portion of the 200 agents would be dedicated to Strategic Investigations. This will allow Customs to continue its aggressive investigative posture focusing on interdiction and investigations in global control and enforcement.

- Strategic investigators will concentrate on acquiring information to prevent proliferant countries, terrorist and criminal organizations, including drug organizations, from obtaining sensitive and controlled commodities, to include Weapons of Mass Destruction and related technologies, conventional munitions and firearms.

- These agents will allow us to continue to participate in international training and assistance programs that will enable foreign customs and law enforcement agencies in strengthening their own border control and enforcement programs. We will also continue to emphasize international investigations pertaining to the trafficking or stolen property.

Child Pornography and Cyber Smuggling

- Since its establishment of the Customs CyberSmuggling Center in August 1997, OI continues to be the recognized pacesetter in the investigation of all cyberspace-related violations of laws enforced by Customs.

- The CyberSmuggling Center combats international trafficking in child pornography and the ever-changing worldwide exploitation of children.

- It also offers training in Internet investigative techniques and computer forensics to investigative field offices, state and local agencies and international law enforcement organizations.

- If provided with additional agents, Customs would increase staffing to the Center.

FAX TRANSMISSION

OFFICE OF THE COMMISSIONER

U.S. CUSTOMS SERVICE
1300 Pennsylvania Avenue, N.W.
Washington, D.C. 20229
Office: (202) 927-1000
Facsimile: (202) 927-1390

Date: 12/13/99

To: Dee Ann Bengs 456 7028

From: David Cohen

Subject: Per our conversation. More to follow morning, 12/15/99.

Total Numbers of pages 4 **including this transmittal cover.**

U.S. Customs Service
200 New Agents
(December 14, 1999)

Investigative Mission

The overall investigative mission of the United States Customs Service's Office of Investigations is to identify and disrupt the activities, which are in violation of U.S. laws enforced by Customs and dismantle the organizations, which are responsible for these violations.

Investigative Strategy

Customs Office of Investigation's (OI) overarching investigative strategy is to identify the highest echelons possible of those involved in violations and to disrupt and dismantle their organizations through arrest of their leadership and through seizure not only of their contraband, but also of the illicit proceeds of their crimes. Customs aim is to maximize the impact of its investigative activities rather than to maximize their output (quantity of arrests, etc).

In conducting investigations, Customs utilizes the broadest range of laws applicable to a case. In many cases, Customs is able to support indictments for violations not only of the core offense, but also of related money laundering statutes. This approach promotes indictments and convictions on the largest number of counts possible and, thereby, obtains the heaviest sentences possible.

General Facts

Customs seizures FY 99

- Heroin 1,919 pounds
- Cocaine 160,353 pounds
- Marijuana 1,179,031 pounds
- Methamphetamine 2,376 pounds

- Currency (outbound) $60,500,000
- Arrests 15,000
- Controlled Deliveries 1,029
- Arrest from Controlled Deliveries 1,512

In 1998 Customs conducted over 37,000 investigations. From those 37,000 cases, 53% were narcotics related (the largest mission area for OI). This comes as no surprise, since over 80% of all illegal drugs are produced outside of the U.S. and smuggled across our border. Customs seizes more drugs each year than all other federal agencies combined.

More specifically we address the following areas:

Narcotics Smuggling

Program Overview

OI's strategy in this area is designed to identify, disrupt and dismantle significant drug smuggling organizations. Critical components of this strategy include effecting controlled deliveries and cold convoys of drugs interdicted at the border and delivering them to major drug trafficking command and control distribution centers throughout the United States. Our objectives are accomplished by the use of a myriad of investigative techniques including undercover operations, wire taps, removing illicit assets, participating in multi-agency initiatives and task forces, cultivating sources of information and using intelligence resources and other investigative techniques.

Problem Statement

The demand for illegal drugs remains strong in the United States. In response, Drug Smuggling Organizations (DSOs) continue to introduce their contraband into the country through every conceivable route. Drugs entering the country through the Southwest Border, South Florida and Puerto Rico are transported to the DSOs' command and control centers in major cities like New York, Chicago, Miami and Los Angeles. Allowed to flourish, the DSOs bring with them violent crime, public corruption, money laundering and the socially crippling effects of drug abuse.

Strategy

DSOs have proven to be innovative and resilient. Successful dismantling of DSOs requires a balanced and comprehensive strategy, one that interfaces with the functions of all Customs enforcement disciplines such as investigations, intelligence, air and marine operations and interdiction. The strategy exploits the interrelationship of drug transportation and distribution by building an "Investigative Bridge" between border smuggling activity and criminal organizations located inland. For example, the bridge is built when a drug seizure at a Port of Entry leads to the identification of a DSO's inland command and control center. A bridge is also built when investigation of a DSO develops information leading to a drug interdiction on the border. Through this focus on integration and cohesion, the "Investigative Bridge" strategy maximizes enforcement results and desired outcomes.

Examples of Accomplishments

The Special Agent in Charge, El Paso, targeted a Mexican-based drug transportation and distribution organization. The organization smuggled between 60 and 80 tons of marijuana per year into the U.S., utilizing couriers, 44 commercial vehicles and passenger vehicles equipped with false compartments. The narcotics were "stashed" and consolidated in the El Paso area and then shipped to various locations throughout the U.S. This investigation led to the seizure of approximately 57,000 pounds of marijuana, 81 vehicles, 4 tractor-trailers and the arrest of 131 individuals.

The Special Agent in Charge, Miami, recently targeted corrupt airport ramp and airline employees participating in diverting shipments of narcotics from arriving flights from South America at Miami International Airport. To date, approximately 72 airport employees have been arrested or indicted for their involvement in the diversion of narcotics shipments, conspiracy to possess with intent to distribute cocaine and conspiracy to import controlled substances.

Narcotics-Related Money Laundering

Problem Statement

The underlying motive for all criminal organizations, including drug smuggling organizations, is profit. Core international DSOs employ a variety of methods and means to collect drug money and place it in the money laundering cycle. The two key business functions of the most sophisticated criminal enterprises are the laundering of the drug money and the investment of the proceeds and profits of the crime. DSOs begin this investment cycle by constructing a financial infrastructure designed to collect drug proceeds and place the money into the initial stages of the money laundering cycle. Once the drug money is collected, drug proceeds are then placed in the money laundering cycle by using a variety of techniques ranging from the relatively unsophisticated, such as bulk currency smuggling, to more sophisticated systems such as bank drafts, the black market peso exchange and money remitters. The further along the drug money is in the laundering cycle, the more difficult it is to penetrate the system and seize the proceeds.

Strategy

The U.S. Customs Service has broad authority in conducting international financial crime and money laundering investigations. Jurisdiction is triggered by the illegal movement of criminal funds or merchandise across U.S. borders and is applied pursuant to our authority under the Bank Secrecy Act, Money Laundering Control Act, Customs' border search authority and other Customs laws. Customs is the primary U.S. enforcer of money laundering statutes in the international crime arena. Customs' exceptional enforcement efforts focus on the most significant international criminal organizations, whose corrupt influence often affects global trade and economic and financial systems. Because of OI's jurisdiction over the foreign transportation of stolen goods, securities and monies and over the movement of illicitly-derived financial assets into or out of the United States, we conduct many non-narcotic money laundering investigations. Among the tools Customs will use to combat smuggling organizations in this arena, are the continued use of undercover operations and the Asset Identification and Removal Groups.

Drug Smuggling Organizations (DSOs) have both the financial means and the manpower necessary to change their methods of operation with each successful investigative technique and operation employed against them by the Customs Service and other federal law enforcement agencies. It is important to note, however, that since the 1980s, the most significant law enforcement factor in reducing profits earned by core Colombian Criminal Enterprises has been the increased cost of laundering drug proceeds. That cost has risen from 5 to 20 per cent. It is the intent of the Customs Service to keep those costs rising and to inflict similar pain on Mexican DSOs and other international criminal enterprises.

Examples of Accomplishments

Operation Casablanca

Nineteen ninety-eight saw the culmination of Operation Casablanca, the largest, most comprehensive narcotics money laundering investigation in the history of U.S. law enforcement. Bank managers from 12 large Mexican banks were linked to the laundering of Cali and Juarez Cartels' proceeds from drug sales in this country. The 3-year investigation resulted in the seizure of $103 million, 2 tons of cocaine and 4 tons of marijuana. Additionally, Customs agents arrested 168 individuals, including corrupt Mexican and Venezuelan banking officials. In an unprecedented indictment, 3 Mexican banks, CONFIA, SERFIN and BANCOMER, were charged with laundering drug money. The highest levels of the U.S. Government supported the investigation, which resulted in global recognition for the U.S. Customs Service for its expertise in money laundering investigations. As spectacular as Casablanca was, Customs saw an increase of money seizures in 1999.

Money Laundering Coordination Center

In the past year, the Money Laundering Coordination Center (MLCC) was brought on-line. The MLCC coordinates and tracks nationwide Customs pick-up operations, ensuring that there is no duplication of effort and providing valuable case-specific information to each investigation. All intelligence gained from the pick-up operations, for example intelligence gained on the identification of key money brokers, is being collected at the MLCC. Customs is currently exploring ways of utilizing and disseminating this information in order to disrupt the black market peso exchange.

Asset Identification and Removal

With funding approved by the Treasury Executive Office of Asset Forfeiture (TEOAF), Customs has trained and equipped highly specialized Asset Identification and Removal Groups (AIRG) consisting of Special Agents, Auditors and contract data analysts and placed these groups in all but one Special Agent in Charge (SAIC) office. AIRGs focus exclusively on identifying, tracing and seizing the assets of drug trafficking organizations.

AIRGs have expanded to 21 locations nationwide. In FY 1998, they were responsible for 835 seizures with a cumulative value of over $167 million stemming from 474 cases. This was an increase of approximately 140% over the previous year. The effectiveness of the AIRGs was highlighted by the seizure of $50 million from Paul E. Hindelang, a convicted narcotics trafficker. These monies constituted narcotics proceeds generated by Hindelang's narcotics trafficking activities during the period 1975 to 1981. After concealing these funds from the U.S. Government for 17 years, he agreed to forfeit all assets derived from his illegal activities. This seizure represents the largest single Customs Service and Treasury Department monetary seizure.

Weapons of Mass Destruction/Dual-Use Technology Trafficking

Problem Statement

One of the most serious international threats facing the world today is the proliferation of WMD, which are defined as nuclear, chemical and biological weapons and ballistic missile delivery systems by countries with clandestine WMD development programs, and by countries which sponsor international terrorism. Sophisticated criminal procurement and supply networks, involving in some instances foreign intelligence services, actively engage in efforts to acquire WMD materials and dual-use technologies in the U.S. and abroad, illegally export goods obtained in the U.S. and transship goods through third countries to proscribed destinations.

Equally serious is the threat of international terrorism. The New York World Trade Center bombing demonstrates that the U.S. is not immune to terrorist acts committed by groups with international connections. Customs is the first line of defense at the Nation's borders to prevent the smuggling of nuclear, chemical and biological materials and agents into the U.S.

Strategy

Target international trafficking of WMD materials and dual-use technologies to countries with clandestine WMD development programs and to countries which sponsor international terrorism, including:

- Illegal exports of licensable WMD materials/dual-use technologies from the U.S. and

- Offers for sale/trafficking of WMD materials/dual-use technologies to proliferant countries and countries which sponsor international terrorism or on the black market (e.g., sales of nuclear materials stolen from the countries of the Former Soviet Union).

Additionally, target groups/individuals who attempt to smuggle nuclear, chemical and biological materials and agents into the U.S.

Example of Accomplishments

Trial is pending on two individuals from Boston who were arrested for purchasing guided missile technology and attempting to export the technology to China.

NAFTA Enforcement

Problem Statement

Since its inception 1994, NAFTA violations have been a national investigative priority. As the U.S. seeks to expand trade and open markets for American-made goods, the development of trade agreements to regulate and monitor this expansion is vital. Some unscrupulous Importers, Freight Forwarders and Brokers view the implementation of the North American Free Trade Agreement (NAFTA) as a new opportunity to circumvent this and other trade agreements to the detriment of U.S. Trade Policy.

Strategy

Work with NAFTA partners through participation in the NAFTA Enforcement Working Group and through independently developed investigations to maintain high visibility and pursue multinational investigations. This program is part of a trilateral effort among the NAFTA partners to identify investigative cases involving fraudulent NAFTA certificates of origin, illegal transshipment of goods, undervaluation of merchandise and other fraudulent activities related to NAFTA. Customs will use additional agents to focus on high volume and high risk ports of entry to identify and dismantle organizations and illegal activities associated with transshipment and false declaration of textiles and wearing apparel diversion schemes to avoid quotas.

Example of Accomplishments

A NAFTA investigation of a manufacturer and importer suspected of entering goods by means of false statements, entering goods falsely classified, removing country of origin markings and violating the "Buy American Act" resulted in the conviction of a Burlington, Ontario, business and two officers. This SAIC Buffalo and Revenue Canada Customs investigation proved that the violators imported approximately $5.6 million of industrial strainers, check valves and other products, falsely invoiced as to country of origin and material content and/or falsely marked, which also resulted in the acceptance of an Offer in Compromise of $350,000 in the related civil litigation. The violators pleaded guilty in Canada to criminal tax evasion and were also assessed civil penalties. In addition, the violators were debarred from U.S. Government contracts for a period of 3 years.

Textiles Transshipments

Problem Statement

Importers, Freight Forwarders and Customs Brokers are involved in schemes to illegally import, transport and transship falsely declared textiles and wearing apparel goods into the U.S. to avoid quotas.

Strategy

Focus investigative resources at high volume and high-risk ports of entry to identify and dismantle organizations and illegal activities associated with transshipment and false declaration of textiles and wearing apparel diversion schemes to avoid quotas.

Example of Accomplishments

The SAIC, Los Angeles recently completed an investigation into the smuggling of textiles and counterfeit Microsoft CDs from Taiwan. The wearing apparel, primarily Bugle Boy brand jeans and clothing, was subject to quota restrictions and high duty rates. The investigation determined that the organization had smuggled approximately 360 containers into the Los Angeles area over a five-year period. The value of the smuggled goods was approximately $25,000,000 with a loss of revenue to Customs of approximately $5,000,000 and hundreds of counterfeit Microsoft CDs with a domestic value of approximately $12,000,000.

Intellectual Property Rights (IPR)

Problem Statement

It is estimated that each year, as a result of the theft of our intellectual property, the American economy looses $250 billion and 750,000 potential jobs. U.S. Customs is the lead investigative agency in the fight against international Intellectual Property Rights Crime. This counterfeiting and piracy of our ideas, technology and products threatens our industries, economy, and our public health and safety.

Strategy

In order to protect U.S. businesses, Customs implemented a center to coordinate all U.S. Government law enforcement activities involving IPR issues, both domestically and internationally. The Center serves as a collection point for intelligence provided by private industry, as well as a channel for law enforcement to obtain cooperation from private industry in specific law enforcement situations. It integrates domestic and international law enforcement, along with, private industry information and intelligence relating to IPR crime.

Example of Accomplishments

The SAIC, Los Angeles arrested an individual for trafficking in counterfeit labels for phonograph records. The individual was operating a counterfeit trafficking ring responsible for the international distribution of counterfeit sound recordings and micro soft software valued at $13,270,0000.

The SAIC, Los Angeles, also arrested two individuals after a controlled delivery of approximately 174 cartons of Microsoft CDs and counterfeit Microsoft packaging that included 70,000 copies of Office 97 Pro, NT Workstation, NT Server and Front Page 98 valued at approximately $30,000,000.

Forced, Convict or Indentured Labor

Problem Statement

The United States imports billions of dollars of merchandise a year from industries in countries where allegations of forced labor, including forced child labor and convict labor, persist. In some instances, the importers are fully aware that their merchandise was produced with forced or convict labor and they attempt to conceal this fact through various fraudulent schemes. Goods produced by forced or convict labor do not differ in appearance from goods made by non-convicts or other adults. The importation of goods produced by forced or indentured child labor places American consumers at risk of unwittingly supporting the exploitation of children worldwide. It also places American business interests at risk by giving an unfair competitive advantage to those who exploit children.

Strategy

The Program must first identify manufacturers and importers engaged in knowingly importing goods produced with forced or convict labor. Investigative resources will be focused on the violators, and investigations will be conducted to dismantle organizations, prosecute violators, and forfeit both assets used to promote specified unlawful activity and assets which are proceeds from such activity. Customs has rapidly expanded its Forced Child Labor Program with additional personnel at Headquarters and in new overseas positions. Additionally, an aggressive outreach program has been designed to educate manufacturers, importers and the public.

Example of Accomplishments

On March 23, 1999, U.S. Customs issued a detention order for bidi (beedi) cigarettes manufactured by Mangalore Ganesh Beedi Works, effective immediately. The detention order is based on information obtained from a 60 Minutes segment that the Mangalore

Ganesh Beedi Works uses forced and/or indentured child labor in the manufacture of its products. Bidi (or beedi) cigarettes are hand-rolled unfiltered cigarettes made in India. Customs had previously received information on allegations of forced child labor in the bidi industry in India, and was actively investigating these allegations when 60 Minutes came forward with more direct evidence of forced child labor used in the manufacture of Mangalore Ganesh Beedi Works bidi cigarettes.

CyberSmuggling (C3)

Problem Statement

Someone once asked notorious bank robber Willy Sutton why he robbed banks. "Because that's where the money is," responded the convicted felon. The same rationale now applies to why sexual predators have migrated to cyberspace — because that's where the kids are.

Child pornography and child sexual exploitation, particularly through the insidious use of an educational and communications tool such as the Internet, is as heinous as it is invasive. Child sexual predators can and do violate the sanctity of our homes, our schools and our libraries from the comfort and protection of their own homes. All they need is a computer and access to the Internet. Virtually all international child pornography and child sexual exploitation predators have migrated to the Internet.

Cyberspace-based investigations differ from most other investigations in that the violator can, because of computer access capabilities, be literally anywhere in the world. Cyberspace-based violations also differ from most, if not all, the other investigations conducted by the U.S. Customs Service in that evidence of the crime, i.e., the graphic images and/or other documentary evidence of the criminal act are in a non-tangible, electronic format. Although the location of the equipment used to generate and transmit or receive this non-tangible evidence is relatively easy to identify, the identification of the violators is not.

Additional problems due to the nature of cyberspace investigations concern officer safety and effectiveness. If Internet-based facets of investigations (in any programmatic area) were not centrally directed and coordinated, the more sophisticated violators would be able to determine the true identity of the person with whom they are communicating; in such a situation, an undercover officer could be led into a life-threatening trap. C^3 maintains an expensive and technically complicated identification firewall, which maximizes officer safety precautions. Also, without centralized direction, multiple investigators could target the same violator or, unwittingly, each other, thereby wasting time, effort and resources.

Strategy

Since the vast majority of child pornography/child sexual exploitation violations are now either committed or facilitated by use of the Internet, an effective investigative strategy must be geared to the criminal activity taking place in this electronic medium. Also, since the sexual predators operate in virtual anonymity across the vast expanse of cyberspace, so, too, must Customs investigators.

To this end, the Customs CyberSmuggling Center searches those areas of the Internet, i.e. Internet Relay Chat Channels (IRCs), News Groups, Bulletin Boards, etc., most frequented by child sexual predators and child predator rings. Once the predator areas are identified, the C^3 develops and implements an Internet-based covert operation targeting those areas.

Example of Accomplishments

Results of an investigation of alleged production of child pornography on the Internet conducted by the RAIC San Jose were forwarded through the Office of the Customs Attaché, London, to the Sussex (UK) Constabulary and led to the arrest of two British citizens involved in the production and international distribution of child pornography. The evidence recovered from the seized computers led to what is considered to be the largest-ever international, Internet-based child pornography and child sexual exploitation conspiracy. The operation identified over 200 alleged violators in 47 countries. Coordinated search warrants were executed simultaneously in 132 countries resulting in over 20 arrests. Additional arrests are anticipated.

In Closing

The next five years can be a defining time for the Nation in its continued attempts to deal with the malaise of drug abuse and the related crimes it inflicts on the American society. Controlling the drug problem requires a strategy that recognizes the importance of supply and demand reduction.

At the border, we can expect drug smuggling organizations to continue to probe entry points for weaknesses in our interdiction capabilities. They will continue to attempt to enter drugs using vessels, aircraft, rail, and vehicles; they will also continue their exploitation of the international cargo transportation system to smuggle drugs. For the foreseeable future, while Customs strategy will address the threat along all borders, our strategy will focus on reducing the flow of drugs into the U.S. across the southern frontier and the "investigative bridge" to the inland command and control centers.

In the money laundering arena, Customs expects an increase in the use of the Internet and electronic commence, the volume and speed of international cash flow and a growing use of electronic transfers. Therefore, it is expected that the global banking environment will become more complex and the methods of laundering will become more sophisticated. This environment will make it easier for criminal organizations to have alliances among themselves and exploit financial transactions such as international trade transactions embedded in the Black Market Peso Exchange. To meet these challenges, Customs seeks to expand its workforce who will need to acquire the skills and expertise used in these methods and changing technology.

Financial Agents will conduct reviews of the illicit activities whereby Colombian cartels sell drug-related, U.S.-based currency to Black Market Peso Exchangers in Colombia who, in turn, place the currency into U.S. bank accounts. Colombia, Panama and Mexico form the cornerstone of the Black Market Peso Exchange (BMPE). It is estimated that BMPE launders $4 billion in drug monies each year. In partnership with the Department of the Treasury, Internal Revenue Service, Financial Crimes Enforcement Network and others, Customs operational strategy will use innovative interventions and authorities unique to Treasury. To disrupt and dismantle the BMPE and other techniques for moving capital, Customs will also continue to educate industry representatives and will solicit their cooperation. Through the use of a secure Internet site, we will be expanding the Money Laundering Coordination Center's role as the national clearinghouse for all federal money laundering investigations.

The treat of terrorist attacks by foreign or domestic groups on U.S. soil, supplied or financed by anti-American supporters, is one of the greatest challenges facing the U.S. The globalization of our systems with the world, coupled with the permeability of our border, will open doors for new and more intensive actions by those with an opportunity and disposition to defame the U.S. The advent of newer and more sophisticated scientific technology, transportation systems, Weapons of Amass Destruction (WMD) delivery systems, biological/chemical killing organisms and other advances are unprecedented. These factors, along with the willingness to threaten their use, will make the proliferation of WMD and nuclear material by international rogues, insurgents and disconnected third world countries an even greater fact. The result will be an increasing demand on black market weapons.

Additional agents will aid Customs dedicate resources to identifying individuals who traffic in nuclear, chemical and biological materials and the technologies used to develop and deploy these technologies. Additional resources would be dedicated to beefing up the Joint Terrorism Task Force, which is a key member of the 2002 Olympic Games security effort.

FAX TRANSMISSION

OFFICE OF THE COMMISSIONER

U.S. CUSTOMS SERVICE
1300 Pennsylvania Avenue, N.W.
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Office: (202) 927-1000
Facsimile: (202) 927-1380

Date: 12/14/99

To: Dee Ann Benos 456 7028

From: David Cohen

Subject: Additional information re request for 200 agents. Please call with any questions

Total Numbers of pages 11 **including this transmittal cover.**

Deanne

From: Susan Ginsburg
To: JohnsonJE, DixonA
Date: 12/14/99 3:29pm
Subject: ATF firearms initiatives

Some numbers on the gun initiatives to help keep track. I think these are right:

Initial firearms inititiaves request: $48,897,000 (YCGII & IVRS)
agents: 220, inspectors: 186
(total firearms including annualization $724m)
NIBIN: $8 m ($5m from base, $3m from FF)

Appealed firearms initiatives: $22,003,000 (cut from IVRS)
agents: 130 inspectors: 68 other: 44
Appealed "new" firearms: $47,983,000 (new YCGII & IVRS)
agents: 280 inspectors: 54
Appeled NIBIN: $5m
Appealed "new" NIBIN: $26m (including 20 positions)

New DPC tracing initiative: $12m (including 46 positions)

Total Difference to be Made up by DPC (after appeal): $\boxed{\$113,234,000}$
agents: 403 inspectors: 126

Other: —

$\boxed{\text{TOTAL DPC ATF Gun Initiatives: \$141,128,000 agents: 500 inspectors: 250}}$

CC: EX.MAIL."VABaran@atfhq.atf.treas.gov"

Vivia Baran 927-7825

Average cost from agent — $141,000 ~~$142,000~~ (second year costs)
($ 114,000 general average cost)

Re-entry Partnerships/Ex-offender Proposal
Outline
As of 12/15/99

Components:

- Identification of Appropriate Reentry Offender Population (6 months before release?)
- Case Management Approach to Program Administration
- Reentry Needs Assessment, Case Management Plan, along with Programming, During Incarceration
- Structured Reintegration Plan Post Release
- Full Use of Community-based Support Resources
- Strong Collaboration Among Criminal Justice System, Social Services, and Other Agencies
- Routine Monitoring and Follow-up to Ensure Accountability
- Graduated Sanctions And Incentives
- Broad Community Involvement, including Victims
- Integrated Information Management
- Services to connect incarcerated parents with their children, and to prepare parents for interacting with their children upon release.

How funds could be used:

- Strategic Planning/Analysis
- Case Managers
- Reentry Support Center
- MIS for Case Management
- Staff Training Travel and Related Expenses
- Drug Testing
- Services/Treatment, including Drug/Mental Health Treatment and Job Placement Programs (links to SAMHSA and DOL funding)
- Convening Victims Panels and Other Community Meetings
- Surveillance Technologies
- Incentives (For Example, Bus Tokens for Participants)

Issues:

- Focus exclusively on incarcerated fathers, or mothers as well? (Jeremy Travis wants focus on all offenders?)
- Target specific occupations? Are there federal or state barriers to be addressed regarding hiring offenders?
- Will all partnerships be in urban areas?
- Lead agency for partnership?
- Isn't there already a separate Juvenile Track?

- Other required and suggested partners (law enforcement, workforce development, child support, community and faith-based groups, housing, health, local officials from targeted community, employers....)
- Match:
- Grant size and duration:
- Is participation voluntary or mandatory?
- Domestic violence issues
- Use of volunteers, community involvement
- Identify clear goals and realistic expectations
- External strategy

Statistics:

- Children: Estimated 1.3 million children of incarcerated men [cited in John Dilulio article, p. 10. New Democrat, July/August 1999]
- Child Support: In CO, there are 6,262 inmates/parolees in child support system (out of total population of 12,500 inmates and 2,822 parolees). Of these...[fill in % with orders, % who pay]

• RECORD NUMBER OF INDIVIDUALS UNDER CRIMINAL JUSTICE SUPERVISION. In 1998, nearly 6 million people were under criminal justice supervision: 1.2 million individuals were incarcerated in state or federal prison; 600,00 were in local and county jails; 3.4 million adults were under Federal/State/local probation, and 700,000 were on parole.

• HISTORIC NUMBER OF PRISON RELEASES ANTICIPATED. And yet, most offenders will complete their sentences and will be released. This year, nearly 500,000 individuals will be released from state prison and return to communities across the nation. They will largely be returning to urban areas and will return in disproportionate numbers to certain neighborhoods.

• RESOURCES LACKING TO SUPERVISE REENTRY. Our prisons hold one-third of all offenders, yet about two-thirds of the resources are spent on institutional corrections. Many individuals released to community supervision will return to communities where those resources are limited and already taxed.

• ONE IN FIVE PRISONERS RELEASED WITHOUT CONDITIONS. Many inmates now serve fixed terms and must be released on predetermined dates, in some cases without any community supervision. In 1997, more than 85,000 offenders–18%–were discharged from state prison without any conditions placed on their release. These offenders tend to be most in need of supervision following incarceration, often having committed violent offenses or requiring disciplinary action during their prison term.

- OFFENDER RECIDIVISM RATES HIGH. The public safety risks posed by parolees and probationers are substantial. Nearly two-thirds of all prisoners are rearrested for new offenses within three years of release.

- OFFENDER RETURNS TO PRISON ARE MOUNTING. Between 1990 and 1997, there was a 39% increase in the number of offenders returned to prison for parole violations, with parole violators representing about 35% of all admissions to state prisons in 1997 (up from 18% in 1990).

- SUBSTANCE ABUSE KEY CONTRIBUTOR TO RECIDIVISM. Over half of state inmates (52%) reported committing their current offense under the influence of alcohol or drugs.

Some 70 percent of state prisoners have a history of drug abuse. Probationers and parolees consume approximately half of all hard drugs (i.e. methamphetamine, heroin and cocaine) sold nationwide and criminals on release who use such drugs are far more likely than others to commit new crimes. A 1995 NIJ research report indicated that between 60-75% of untreated parolees who have histories of heroin and/or cocaine use return to those drugs within three months of release. And yet community corrections often lacks sufficient authority and resources to effectively respond to the problem.

- HIGH RATES OF MENTAL ILLNESS AMONG OFFENDERS. Studies have found that rates of mental illness among incarcerated offenders to be at least double the comparable rates in the general population. Reentry challenges for people with a mental illness or other mental disabilities such as mental retardation are often compounded by the mental disorder.

- CHALLENGES TO COMMUNITY SAFETY. These issues underscore the challenges that all communities, especially large urban areas, across the country are facing. While parole and probation authorities in communities are working to improve the mechanisms for supervising these offenders, many jurisdictions have not fully focused on preparing either offenders or communities for reentry. Improving reentry supervision and support systems are issues that need to be addressed in each state. A national strategy that builds collaborations among corrections, law enforcement, and community and draws upon their pooled resources is needed.

- Need to gather most up to date evidence on link between employment and other services and reduced recidivism. Center for Employment Opportunities in NYC : three-fourths of 70 participants who find full-time employment each year are employed at the same job after one month, and of these, 50 percent are still working after 6 months. Safer Foundation in Chicago: 84 participants enrolled, 72 complete course for 16-21 year old ex-offenders, 2/3 of 72 entered school, vocational training, or employment, 58% of 72 maintained placement for 6 months, and only one was convicted of a new crime after 6 months. Orange Co, FL: for up to 18 months after release, inmates who were housed 6-45 days in direct supervision facilities with programming were less likely to reoffend than inmates houses there less than 6 days. [From NIJ Program Focus on Project Rio] Add Project RIO results [See Urban Institute Study, p. 32]

- Do we have cost/benefit analysis – for every xx person who does not return to prison as a result of this program we could save $xx.

Examples:

- Delaware – Governor Carper has implemented parenting classes in all state prison facilities to help inmates become better fathers rather than better prisoners.

- Las Vegas – Weed and Seed Re-entry Project targets a community that expects to receive about 90 inmates released over the next year. Intervention begins within prison. Inmates within 6 months of release are placed in programs to get work experience, life skills training, basic math and English skills, parenting classes, anger management, etc. They are also placed in facilities closer to their home community (?).This re-entry model relies on community-based services provided by local governments and community-based non-profits. Each inmate has a comprehensive release plan and is assigned a case worker who brokers services and works hand in hand with parole authorities and/or police officials concerning monitoring and supervision. [from DOJ presentation]

- Denver County, CO – Office of Child Support Enforcement is supporting a demonstration project with the CO Child Support Enforcement Division, with additional support from DO Dept of Corrections, Dept of Labor and Employment, Judicial Dept, and Rose Community Foundation. Plans to serve at least 300 offenders released during a 12 month period, beginning in August 1999. Provides employment, family re-integration services, and child support review and adjustment to ex-offenders with minor-aged children. Participants are referred by parole officers and community corrections personnel.

- Erie, PA – The "Long Distance Dads" workshop for incarcerated fathers, developed at the State Correctional Institution at Albion. Focus on what steps they can take while in prison that will positively affect their future. Includes character, developing stronger meaningful relationships with children and loved ones, communication skills. Has three phases: 1) promote responsible fatherhood and stronger relationships during incarceration, 2) provide ongoing support (counseling, weekly support groups, education and career development in collaboration with existing community programs and services) during probation and parole, 3) community fatherhood supports after parole ends (includes education, training and employment services through Welfare-to-Work for NCPs, and Access and Visitation Program enables paroled fathers to spend meaningful time with their children if they do not have a good relationship with the children's mother (weekly support groups, counseling, supervised visitations, job/career counseling, and a place to talk). Contact: Randell Turner, Program Director, 814-871-6683, fathers@erie.net, www.thefathersworkshop.org. The PA Dept of Corrections has requested expansion to 22 institutions within the next four years.

- Women's Prison Association opened the Sarah Powell Huntington House in NYC in 1993. This is a transitional residence with supportive services for homeless women offenders and their children. Services include 28 apartments (stay for 6-9 months), a children's center and onsite social services, case managers, parenting instruction, counseling, supervised visits with children in preparation for family reunification, and coordination with parole, housing, foster care, and drug treatment. Some services in case plan are court-ordered. See NIJ Program Focus

- STRIVE is developing program for incarcerated fathers as part of their "Partners for Fragile Families" demonstration project (is this part of NPCL demo? Which sites have incarcerated fathers component?)

- Milwaukee, WI – Welfare-to-Work program is targeting NCPs in prison. [see Urban Institute, p. 32]

- Center for Employment Opportunities, NYC – provides transitional services immediately after release. Includes day labor within first week of release to allow participants to earn daily income, structure their lives, and develop good work habits. Over the longer term, ex-offenders are placed in permanent unsubsidized employment [see NIJ Program Focus, Successful Job Placement for Ex-Offenders]

- Chicago's SAFER Foundation operates a private school in the Cook county Jail and a work release center for the Illinois Dept of Corrections. Uses a small-group, peer-based approach in its in-prison and post-prison basic education skills program. And provides special cas4 managers to help clients address transitional problems for up to a years after they have secured employment.

U.S. Department of Labor
Employment and Training Administration
Training and Employment Programs

Decision Paper

Transition to Responsibility for Ex-Offenders

Proposal

DOL/ETA proposes a "Transition to Responsibility for Ex-Offenders" initiative to provide job training and placement services to ex-offenders. This large-scale pilot and demonstration initiative would link the resources of the workforce investment system to the criminal justice systems serving youth and adults and test new approaches for reintegrating ex-offenders into the mainstream economy. While ETA has in the past funded initiatives serving ex-offenders, and currently funds youth offender demonstration projects, there has been no significant effort to show that the workforce investment system can address the labor market needs of this population. Offenders are mentioned in the Workforce Investment Act as one of the targeted groups. Funding for the initiative would total $200 million in FY 2001, with an additional $200 million in each of the four subsequent fiscal years. The design of the initiative is as follows:

- **Target Population:** The initiative would focus on both youth (age 16-18) and adult ex-offenders -- primarily first time and youthful ex-offenders.

- **Link to the Workforce Investment System**: By establishing partnerships between the criminal justice system and local One-Stop delivery systems created under the Workforce Investment Act (WIA), ex-offenders could access a comprehensive array of services ranging from training to supportive services (e.g., drug treatment) that would help them successfully re-enter the community. Currently, about 15 percent of JTPA Title II-A participants are ex-offenders. Applicants would be expected to use partnerships to enhance the offender programs funded under this initiative, and to provide complementary programs so as to link services within the community and provide a diversity of options for ex-offenders in the target area. These partnerships would provide a comprehensive, community-wide approach to reintegrating ex-offenders into the local community, that includes establishing linkages between correctional programs and workforce investment programs, as well as involvement of private sector employers.

- **Competitive Procurement Model**: Grants would be awarded on a competitive basis, through a process similar to the Welfare-to-Work competitive grant process. States, local Workforce Investment agencies, and corrections agencies would be eligible applicants. Applicants would have the ability to design projects within a broad framework which would be outlined in the SGA. Award criteria would ensure that the awards were geographically dispersed.

- **Model/Services:** Applicants would design their specific approach. Typically, this might include segmenting types of intervention by different phases/sequencing of service and then examining outcomes for each segment or phase:

  -- Long-term transition activities, including remedial education, drug rehabilitation, skills and interest assessment, career education and planning, occupational education (up to associates degree level), and psychological and group counseling, including moral reasoning classes.

  -- Pre-release activities, including career and life planning, internships for low-risk prisoners, training in life skills and work expectations, and planning for additional training/education. These in-prison activities would not be funded directly, but would be provided through leveraged criminal justice funds.

  -- Initial release activities, utilizing halfway houses/transitional housing/ work release/new and continued internships or initial job placement, creating a feedback loop with parole officers.

  -- Post-initial placement, providing additional training or education or more permanent job placement. The bonding program would help in transition. There would be a continued relationship with parole officer and the career/job placement/worksite counselor.

- **Substance Abuse** The Workforce Investment Act contains language (Sec. 181(f) allowing States to test and sanction participants for use of controlled substances. Job Corps has a "Zero-Tolerance" policy for substance abuse. Much of the growth of the prison population stems from drug-related offenses. The most common reason for failure to remain employed for ex-offenders is drug relapse. The initiative would link to drug rehabilitation treatment for ex-offenders with substance abuse problems.

- **State and Local Matching Funds** The initiative would require States or localities to commit to providing matching funds as part of their application. This match could be cash or in-kind and could be limited to non-Federal funds, and allow Workforce Investment Act funds to be used for the match.

- **Link to the Federal Bonding Program**: Linkage of the Transition to Responsibility for Ex-Offenders initiative to the Department's Federal Bonding Program would be encouraged. The purchase of bonding would be an authorized use of funds under job search assistance, and it is anticipated that the use of bonding would increase as a tool to increase placements.

- **Evaluation Component**: A total of $7 million would be earmarked to evaluate the effectiveness of the initiative. This would include a net impact evaluation, using random assignment methodology, with $1 million coming from the first year's appropriation.

Category

Base

Rationale

Many offenders have difficulty finding permanent, unsubsidized, well-paid employment after release from prison because they lack job-seeking experience, a work history, and occupational skills. Furthermore, many employers refuse to take the risk of hiring individuals with criminal records. These circumstances seriously affect an ex-offender's stability because unemployment is consistently associated with high recidivism rates.

There are several reasons why it may be appropriate at this time to launch a labor market initiative aimed at ex-offenders. The United States has experienced rapid growth in the number of people who are incarcerated or under the supervision of the criminal justice system. An estimated 5.5 million adult residents of the U.S. were under some form of correctional supervision in 1996. In 1997, over 1.6 million adults were prisoners in our local, State, and federal jails. Over 700,000 adults were on parole at the end of 1996. Even with declining crime rates and improved economic conditions, the inmate population grew 26 percent between 1993 and 1997. Juvenile courts handled an estimated 1.8 million delinquency cases in 1996, an increase of 49 percent over the number of cases handled in 1987. On February 15, 1995, there were 108,700 juveniles in detention, correctional or shelter facilities.

Active intervention for offenders can help raise employment and decrease crime and recidivism, thereby reducing their costs to society. Even a small percentage reduction in recidivism can result in large cost savings to society. At the same time, the employed ex-offender becomes a productive, tax-paying member of society. With the establishment of the new workforce investment system and the presence of a strong economy resulting in labor shortages, the time is right to establish a large-scale demonstration initiative targeted on this hard-to-serve population. In addition, such an initiative would serve as a logical link to the Department's focus on non-custodial fathers in the Welfare-to-Work initiative, many of whom have been involved with the criminal justice system.

There are four main models of work programs that have been financed by a variety of sources (mostly State funds): (1) employment agencies focused on placing ex-offenders in high wage jobs with career potential after their release from prison; (2) job fairs to help inmates and ex-offenders learn interviewing and job search skills, while educating employers about the possibility of hiring ex-offenders; (3) vocational training in corrections facilities, which place an emphasis on preparing inmates for the transition into the world of work; and (4) prison industries which are established through partnerships between public prisons and private companies.

There are currently several Federal offices tasked with missions related to enhancing employment opportunities for offenders and ex-offenders. These include: (1) The U.S. Department of Justice/National Institute of Justice's Office of Correctional Job Training and Placement; (2) The U.S. Department of Justice/National Institute of Justice's Office of Justice Programs; (3) The U.S. Department of Education/Office of Vocational and Adult Education's Office of Correctional Education; (4) The Federal Bureau of Prison's Inmate Placement Program Branch; and (5) The Federal Bureau of Prison's Federal Prison Industries. The intent is for this initiative to supplement the services that are already provided by filling in gaps, rather than duplicating services already provided. The initiative focuses on State-based corrections systems, but applicants serving ex-offenders from the Federal corrections system also could apply. The Department of Labor initiative would deal with offenders only after they were released from prison or placed on parole, but linkages would be established to programs providing education, training and employment to individuals while they were incarcerated.

Some States have been very active in the field of correctional job training and placement. For example, since the mid-1980's Texas has funded Project Rio, which prepares parolees and inmates soon to be paroled for post-prison employment and helps parolees obtain jobs. Project Rio is a collaborative effort of the Texas Workforce Commission and the Texas Department of Corrections. It began as a demonstration funded with Wagner-Peyser Act funds, but is now supported entirely with State-appropriated funds. Texas also has successfully used the Federal Bonding Program to reduce the risk to employers of hiring ex-offenders. Other States have taken different approaches to correctional job training and placement, and additional information is being obtained on the level and scope of these efforts.

Findings from evaluations of efforts targeting offenders or ex-offenders have been mixed. On the one hand, a 1997 research report published by the U.S. Department of Justice stated that "Even after 30 years of trying...no program: in-prison training; transitional assistance (both in-kind and monetary assistance); or pretrial diversion -- has consistently shown itself capable (through a rigorous random assignment evaluation) of decreasing recidivism through labor market-oriented programs, inside or outside prison." On the other hand, evaluation results for Project RIO have been quite positive: 69 percent of more than 100,000 ex-offenders served since 1985 have been placed. According to a Texas A&M study, participation in Project RIO increased job retention and the program helps prevent recidivism.

Budget Discussion/Implications

The proposal will cost: $200 million in Fiscal Year 2001, and in each of Fiscal Years 2002-2005.

IT Requirements

No special IT requirements are applicable. The initiative would utilize existing DOL and Justice IT networks. Consideration would be given to applications containing innovative IT applications.

Impact on Agency Strategic Goals

This proposal furthers ETA strategic goal #1, a prepared workforce. It will impact outcome goal 1.1, increase employment, earnings and assistance, and outcome goal 1.2, assist youth in making the transition to work.

Anticipated Results/Outcomes

Much of the first year of the Transition to Responsibility for Ex-Offenders initiative will be spent in devising strategies and preparing grant applications for the competition. When fully operational, is anticipated that 50,000 ex-offenders will be served each year, at a unit cost of approximately $4,000.