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Chairman Kucinich, Ranking Member Jordan, and distinguished Members of the Subcommittee, thank you for inviting me here today. I am honored to appear before you to discuss the 2008 National Academy of Public Administration's Panel study and report on the Office of National Drug Control Policy (ONDCP) entitled "Building the Capacity to Address the Nation's Drug Problems."

By way of introduction, I am Vice President of Health for the W. K. Kellogg Foundation; Executive Director, Institute for Government Innovation, JFK School of Government, Harvard University; Co-Chair of the National Academy of Public Administration's (the Academy) Advisory Board on the Alliance for Redesigning Government; and it was my pleasure to chair the Academy's Panel on ONDCP. The Panel that conducted this study and its report comprised six members with diverse backgrounds in fields such as public health, social policy, law enforcement, public management, budget, and policy analysis.

Genesis of ONDCP Study

In the FY 2008 Consolidated Appropriations Act, Congress directed the Academy to conduct an independent study and analysis of ONDCP's organization and management. From the Congressional perspective, the purpose of the study was to provide "insights into changes and improvements that could make ONDCP more effective in the future."

In response, ONDCP contracted with the Academy to conduct an independent study of its: 1) Structure, Organization, and Management, 2) Resource Management, Planning, and Budgeting, 3) Hiring, Recruitment, and Utilization of Personnel; and 4) Policy Development, Coordination, and Implementation.

Within the broad areas of the contract, ONDCP requested that the Academy Panel assess the following topics during its review: (1) human capital management, including workforce utilization and diversity; (2) the data it should collect in support of the National Drug Control Strategy and its internal data management system requirements; (3) stakeholder relationships with drug control agencies, Congress, and others; and (4) strategies for communicating with stakeholders and the public.

The Panel conducted extensive research and analysis; an in-depth review of ONDCP's governance structure, statutory requirements, budget, policies, and procedures; more than 135 interviews with ONDCP staff, National Drug Control Program agency representatives, and stakeholders; effective practice comparisons; and workforce analysis.

Findings and Recommendations

Underlying all of its recommendations was the Panel's belief that ONDCP's adoption of a comprehensive approach to multi-year strategic planning, informed by the best available data, will help the organization to accomplish its mission. Without such a well-coordinated, well-substantiated vision in place, it is impossible to build supportive relationships around common, articulated goals. In the aggregate, the Panel's recommendations embody principles, tools, and processes that will maximize ONDCP's effectiveness under any Administration and any Director, regardless of party or philosophy.

In its deliberations, the Panel developed five key recommendations: 1) Develop A Comprehensive, Multi-Year National Drug Control Strategy Informed by a Variety of Data, 2) Build a Collaborative and Consultative Culture, 3) Develop a Comprehensive National Drug Control Budget Summary and Modify Oversight Processes, 4) Streamline the Organization and Rebalance the Workforce, and 5) Implement Effective Human Capital Policies and Practices.

Today, I would like to focus on the issues identified by the Subcommittee: the strengths and weaknesses of ONDCP's policy development, coordination, and implementation, as well as how ONDCP can: 1) develop a comprehensive National Drug Control Strategy, Budget, and Performance Measurement System; 2) build a collaborative culture and more effective management structure; and 3) enhance its overall credibility, accountability and effectiveness.

National Drug Control Strategy

Congress created ONDCP in the Anti-Drug Abuse Act of 1988 to oversee and coordinate implementation of a National Drug Control Strategy (Strategy) as well as to develop policies, priorities, and objectives for the nation's drug control program. Prior to ONDCP's establishment, the Government Accountability Office (GAO) issued numerous reports consistently finding that the nation's complex drug control responsibilities were fragmented among multiple federal agencies.

The first National Drug Control Strategy was developed by ONDCP when the concept of strategic planning was relatively unknown in government. It was not until 1993 that the Government Performance and Results Act (GPRA) mandated that all federal agencies engage in strategic planning and performance measurement, beginning September 30, 1997.¹ Today, all agencies and departments have their own strategic plans and are required

¹The Government Performance and Results Act of 1993 (GPRA) requires agencies to submit a strategic plan with a comprehensive mission statement, goals, and objectives; a description of how the goals will be achieved; a description of performance goals included in the plan; an identification of external risk factors; and a description of how programs will be evaluated. The strategic plans are to cover a period of not less than five years and to be updated every three years.

to provide performance plans to the Office of Management and Budget (OMB) with accompanying performance indicators.

Strategic plans are intended to identify where an organization is going and how it is going to get there. In an article on Strategic Planning in Government, Dr. Berwyn E. Jones describes Strategic Planning as the identification of a desired long-range outcome and the development of a sequence of actions to achieve it, based on analysis of the organization's resources and its environment.²

Strategic planning has traditionally been a "top-down" process with only management having a "need-to-know." According to Dr. Jones, modern organizations, particularly those staffed with "knowledge workers," tend to involve a cross-section of the staff in preparing the strategic plan, in order to bring together wisdom from all levels and areas of the organization. By involving many people, management also obtains broader support for the plan and wider understanding of agency purposes and goals

The challenge for ONDCP is to compile a comprehensive National Drug Control Strategy that complements the strategic plans of the numerous drug control agencies without contradicting them and integrating the many pieces of the drug control effort in a common National Drug Control Program. This is particularly difficult considering the wide diversity among the many control drug programs. In the words of one drug expert interviewed by the Academy, "there is no way that Coast Guard ships doing interdiction on the open seas are in any way tied in with treatment programs in a local clinic."

During the Panel's review, numerous officials in ONDCP's drug control partner agencies were interviewed and a partner agency survey was conducted. These officials described the National Drug Control Strategy as having little applicability to their day-to-day operations, and few of them actually had a copy of the Strategy. Instead, they said they derived their direction from their agency or department strategic plans and described the National Drug Control Strategy as the President's Strategy, not their own.

Further, a number of drug control partner agency officials and other drug control stakeholders criticized recent ONDCP Strategies for narrowly focusing on youth and marijuana to the detriment of other age groups and other illicit drugs, such as Methamphetamine. In addition, recent Strategies were criticized for omitting a full discussion of the consequences of drug abuse.

The Panel believed it was important to conduct a detailed assessment of the content of the National Drug Control Strategies and selected a 10-year period from 1999 to 2008 to assess its focus and changes over time. Research revealed that the contents of the Strategy differed widely over the 10-year period. References to the youth category represented over 80 percent of the population references each year, and over 90 percent in some recent

² *Strategic Planning in Government—The Key to Reinventing Ourselves*, Berwyn E. Jones, <http://www.dau.mil/pubs/pm/pmpdf96/jones.pdf>

years, thus demonstrating the heavy emphasis ONDCP placed on young people in its National Drug Control Strategy during the past ten years.

In regard to the types of drugs discussed in these Strategies, the Panel found that marijuana was the most frequently mentioned drug in five of the ten years (2001, 2003, 2004, 2007, and 2008). Cocaine was the most frequently mentioned drug in three years (2002, 2005, and 2006). Alcohol was mentioned most frequently in 1999 and 2000. Methamphetamine had the lowest relative frequency of reference in 2003, but rose steadily in 2004, 2005, and 2006 during a time when there was mounting Congressional pressure on ONDCP to recognize the problem posed by this synthetic drug.

It is important to note that there are numerous hidden consequences of drug use and abuse that may increase federal and state expenditures. Examples include emergency room visits and medical treatment costs, foster care and child welfare services, juvenile and criminal justice system costs as well as employer losses.

Because ONDCP is statutorily mandated to consider the consequences of drug use, the Panel examined the frequency of references to those consequences in the Strategies from 1999 to 2008. General references to the consequences of drug use decreased from 2001 to 2005 and increased slightly in 2006 and 2007. Tuberculosis, HIV/AIDS, and Sexually Transmitted Diseases received some mention in Strategies from 1999 through 2002, but disappeared entirely after 2002. After the 2000 Strategy, there are few or no references to incarceration.

Another criticism the Panel encountered concerning ONDCP's National Drug Control Strategy was its heavy focus on a single, relatively narrowly-focused survey, *Monitoring the Future* (MTF), to describe the results of the Strategy -- this despite the availability of numerous diverse survey instruments and data sets regarding U.S. drug use. During the period 1999 through 2002, the Strategies used from 16 to 19 different data sets to support their content. However, most of these references disappeared in 2003, and, between that year and 2008, MTF, with its focus on 8th, 10th, and 12th graders, commanded the majority of statistical references in the Strategy.

National Drug Control Budget

In addition to the National Drug Control Strategy, ONDCP compiles and publishes an annual National Drug Control Budget Summary. One of the key elements of the strategic planning process, as mentioned earlier, is that the resulting plan be based upon the resources that will be available to implement the plan. The Panel decided to conduct a detailed review of the Budget Summary because it has been the source of much controversy and is so central to ONDCP's mission.

In the words of one ONDCP official, the purpose of the Budget Summary is "to communicate to the world the extent of [federal] spending on the drug problem." However, the Budget Summary, in its current form, does not accomplish that purpose. Key budget elements of the National Drug Control Program are missing due to the

restructuring of the National Drug Control Budget that was first announced by ONDCP in FY 2002 and carried out in FY 2004.

ONDCP officials describe the current Drug Control Budget Summary as displaying drug control funding, to the maximum extent possible, from identifiable line items in the Budget of the President or agency budget justifications. These line items are not requested by ONDCP, but by the various agencies in their own budget submissions and funded in their respective appropriations acts. Since the budget displays only identifiable line items, drug control costs that are embedded within non-drug line items or result from a part-time dedication of personnel and other resources are omitted. This is an important distinction since the majority of agencies performing drug control functions do not have drug control as their primary mission.

The FY 2002 Budget Summary, prior to the restructuring, included 57 drug agencies and programs and totaled \$19.2 billion. The FY 2009 Budget Summary, by contrast, included only 26 drug agencies and programs totaling \$14.1 billion. The omitted agencies are still conducting drug control activities, but those activities are not included in the Budget Summary and do not receive ONDCP budget oversight. Moreover, a careful review of the Budget Summary by Congress or the public would provide no indication that agencies such as the Forest Service and Park Service have extensive drug law enforcement activities, nor any insight into the activities of the Judiciary, the federal prison system or much of the drug control-related activity within the Department of Justice.

Under the Anti-Drug Abuse Act of 1988, ONDCP is required to review and certify in writing annually that each agency's drug control program budget request is adequate and contributes to the implementation of National Drug Control Strategy objectives. The 1998 ONDCP Reauthorization Act levied new budget oversight requirements on ONDCP and the drug control agencies that required agencies to submit accounting reports to ONDCP regarding their actual drug expenditures after review and attestation by their respective Inspectors General (IG). As a result, ONDCPs' accounting oversight workload increased dramatically.

In 2000, ONDCP commissioned the RAND Corporation to conduct a study of drug agency accounting because of concern over potential weaknesses in their methodology. RAND examined the drug cost estimating methodology for 10 agencies and concluded that problems existed in 7 of the 10 agencies and that corrective actions were needed so that the ONDCP Director could carry out his statutory review and certification responsibilities.

ONDCP cited the RAND study in its plan to restructure the drug control budget and based the plan on the "significant workload" involved in reviewing agency budgets and accounting reports and the desire to incorporate "results-oriented management." Further, the restructuring would exclude agencies with drug control activities that were incidental to their primary mission, agencies that mainly focused on consequences associated with

the activities of other primary counterdrug agencies, and Treasury and Justice law enforcement agencies with primary missions that were not closely related to drug control.

The irony of the FY 2004 National Drug Control Budget restructuring that was carried out by ONDCP is that it did not markedly reduce ONDCP's responsibilities. Agencies that have drug control as the main part of their mission, e.g., The Drug Enforcement Administration and the National Institute of Drug Abuse, continued to be included in the Budget Summary and subject to ONDCP oversight, while the "softer" multi-mission drug control agencies, such as the Food and Drug Administration and the Forest Service, were omitted and excused from budget oversight. Notwithstanding the lack of budget oversight, the Panel found no evidence these agencies are shirking their drug control responsibilities or diverting funds intended for drug control.

The ONDCP Reauthorization Act of 2006 required that ONDCP return to a comprehensive National Drug Control Budget Summary. As of the FY 2009 Budget Summary, ONDCP had added a number of agencies in an appendix table titled, "Other Related Drug Control Funding by Agency," but had not yet returned to a comprehensive Budget Summary.

For many of the drug control agencies that have remained in the National Drug Control Budget Summary, the ONDCP budget oversight process has been a source of friction. A number of drug control partner agency officials voiced displeasure with the process and one senior Department-level official went as far as to object to the process citing Constitutional grounds. Some agencies have had to modify accounting systems to capture drug-related costs and Inspectors General have had to devote material human resources to examining and attesting to drug accounting reports.

Supply Reduction versus Demand Reduction

Historically, even predating the establishment of ONDCP, there has been tension between drug Supply Reduction and drug Demand Reduction proponents over the proper division of resources between those efforts. The decision as to the Supply/Demand split, of necessity, reflects Congressional direction and Administration policy prerogatives within the available funding. The National Drug Control Budget Summary has traditionally been split with Treatment and Prevention on the Demand Reduction side and Law Enforcement, Interdiction, and International programs on the Supply Reduction side.

Some critics of ONDCP have described it as having a bias toward Supply Reduction as evidenced by the greater portion of funds being directed toward those efforts. ONDCP has countered those critics by pointing out that the division between Supply and Demand efforts has created an artificial expectation of a 50/50 split and that Supply Reduction functions are inherently more expensive because they involve large capital outlays such as for military equipment and are broader in geographic scope.

The FY 2004 National Drug Control Budget restructuring by ONDCP also resulted in an adjustment in the Supply/Demand Split. Although the decrease in the total drug budget as a result of the restructuring was approximately 42 percent, Supply Reduction accounts were reduced by 53 percent, while Demand Reduction accounts were reduced by 17 percent. This action had the effect of resetting the Supply Reduction/Demand Reduction ratio from 67/33 in FY 2003 to 54/46 in FY 2004. However, the Supply Reduction accounts remaining after the restructuring have grown by \$3.3 billion through the FY 2009 request while the remaining Demand Reduction accounts have decreased by \$6 million.

A number of drug policy experts charge that two decades of supply reduction focus have failed to reduce the problem and favor a new approach emphasizing treatment. Although, according to several ONDCP officials, the Office still leans toward Supply Reduction programs, it is in agreement that treating heavily dependent users can reduce demand significantly and can help to undermine local drug markets and reduce the profitability of drug dealing. According to the 2007 National Drug Control Strategy, “Changing the behavior of the relatively small number of chronic drug users can have enormously beneficial consequences for society, not the least of which is to deprive illegal drug traffickers of their largest source of revenue—the addicted, frequent, high-volume drug user.” The 2007 Strategy further states, “Healing drug users through effective treatment programs will lead to long-term reductions in drug profits which can shrink local drug markets to levels that can be more easily managed by local authorities.”

Performance Measures

As explained earlier, GPRA requires agencies to submit strategic plans with a comprehensive mission statement, goals, and objectives, a description of how the goals will be achieved, a description of performance goals included in the plan, an identification of external risk factors, and a description of how programs will be evaluated. In compliance with GPRA, each of the drug control agencies, including ONDCP, produces a strategic plan. ONDCP is also required to develop and monitor performance measures for the partner drug control agencies.

The 1998 ONDCP Reauthorization Act required development of a Performance Measurement System to determine progress in achieving specific targets spelled out in the Act. In addition, the ONDCP Director was required to report to Congress regarding that system, to be designed in consultation with affected NDCP agencies and, among other things, identifying performance objectives, measures, and targets, to conform to NDCP agency budgets.

The Act essentially endorsed the ONDCP Program Measures of Effectiveness (PME) System that had been developed in 1997. The PME System applied a systems approach to the measurement of the impact of the National Drug Control Strategy’s 5 goals and 31 objectives in three critical areas: reducing drug use, drug availability, and the consequences of drug use. These measures translated to 97 individual performance targets. However, the PME system reportedly implied a degree of granularity in the drug budget that did not

exist. The 5 goals and 31 supporting objectives, although philosophically valid, could not be tied to line items in individual agency and program budgets.

Thus, in 2002, ONDCP replaced PME with the much simpler goals of two-year and five-year reductions in drug use. The difficulty is that these broad goals provide no means for measuring individual agency performance. To the extent that individual drug control agency efforts tie in to the annual National Drug Control Strategy, it is through their relationship to the Strategy's three national priorities of prevention; treatment; and supply reduction.

The Performance Section of recent National Drug Control Budget Summaries includes the various measures of drug control agency performance and the agency's most recent achievements against performance targets. However, this data in the Strategy is the result of Program Assessment Rating Tool (PART) reviews and GPRA measures and is a reiteration of data otherwise provided to OMB in connection with individual agency strategic planning processes. Although ONDCP makes reference to its Performance Measurement System, it does not have agency-focused measures tied directly to the Strategy. Since there are no agency-unique goals in the annual Strategy, there is nothing against which ONDCP can measure agency performance in support of the Strategy.

During the period FY 2003 through the FY 2009 request, ONDCP has requested and received an average of approximately \$1.2 million per year for the development and improvement of performance measures. These funds have been used for a variety of initiatives, including determining price and purity of illicit drugs; marijuana yield assessments; improvements to the heroin signature and domestic monitoring programs; and a determination of law enforcement impact on cocaine availability. These initiatives are not focused on improving individual agency performance measures, but on general measures for determining the overall performance of the National Drug Control Program.

ONDCP's 2006 Reauthorization Act sets forth a series of new reporting requirements focusing on performance measurement for national drug control agencies. The Act tasks the Director to submit to Congress, as part of the National Drug Control Strategy, a description of a national drug control performance measurement system, that: 1) develops two-year and five-year performance measures and targets for each National Drug Control Strategy goal and objective; 2) describes the sources of information and data that will be used for each performance measure; 3) identifies major programs and activities of the NDCP agencies that support the goals and annual objectives of the National Drug Control Strategy; and 4) evaluates the contribution of demand reduction and supply reduction activities, as defined in the Act, and implemented by each NDCP agency in support of the National Drug Control Strategy.

In designing this performance measurement system, ONDCP can either merely repeat existing agency measures that are deeply embedded in individual agency strategic planning processes and are already monitored by OMB, overlay a new set of measures that increase agency reporting and potentially conflict with their individual strategic

goals, or develop meaningful measures that inform policy-makers on the status of the nation's drug control efforts in the aggregate. The Panel preferred the latter approach.

The Road Ahead

Throughout the study, the Panel focused on whether current ONDCP management practices are maximizing efforts to combat the nation's drug problems and whether ONDCP is pursuing its mission to the fullest from a public health and law enforcement perspective. The Panel also considered whether the coordinating mechanisms for generating national drug policy are robust, how the responsibility for managing operational programs affects ONDCP's ability to coordinate effectively, and the appropriate balance between Congressional requests for information and ONDCP's ability to accomplish its mission. With regard to the National Drug Control Strategy, the Panel assessed how it has evolved over the past nine years, the extent to which partner agencies have input into its development and implementation, and whether it is a framework that conveys the magnitude of drug policy challenges and appropriate national responses. It is in this context that the Panel issued its recommendations:

Strategy - The Panel recommended that ONDCP develop a comprehensive multi-year National Drug Control Strategy, informed by high-quality and diverse datasets, covering all age groups, illicit drugs, and regions of the nation. ONDCP should bring to bear the full range of the nation's drug control expertise; build an internal culture that values critical inquiry, open debate, and pragmatic decision-making; engage academia and the workforce in developing a more creative and robust understanding of the nation's drug problem and drug threats; establish a working group of subject matter experts to advise ONDCP senior leadership on international, national, and regional/local drug issues; reinforce staffing for statistical analysis to compare and contrast relevant data sources and become the federal focal point for examination of the full range of drug-related data; and consider holding an annual conference to address issues raised by disparate data and perspectives.

Budget - The Panel recommendations in this area include that ONDCP develop a comprehensive National Drug Budget Summary, informed by a multi-year Strategy, that incorporates the total estimated federal expenditures for all supply reduction; demand reduction; state, local, and tribal affairs activities; and other federal activities related to drug control. The Panel further recommends that Congress modify ONDCP's oversight responsibilities relative to individual agency drug budgets. ONDCP should coordinate more closely with OMB in issuing its funding guidance and during the budget review process to ensure that its funding priorities are being considered; emphasize collaboration in assembling the drug control budget and use its budget review certification process sparingly; and emphasize the inclusion of all programs and costs in the National Drug Control Budget Summary as a useful policy tool, rather than calculating historical costs that can be attested to by Inspectors General;

Performance Measures – The Panel recommended that ONDCP no longer require drug control agencies to provide performance reports and corresponding Inspector General

attestations that duplicate GPRA and PART data reported to OMB. The Panel believes that ONDCP's energies are better spent assisting agencies in improving the performance measures they report to OMB so that they align with the overall Strategy. In addition, ONDCP should continue working on national measures that assess the aggregate performance in addressing the goals of the Strategy.

Collaborative and Consultative Culture - The Panel recommended that ONDCP work to create a more collaborative and consultative environment to increase its effectiveness in its relationships with Congress, the National Drug Control Program agencies, and stakeholders throughout the nation. ONDCP should comply with statutory requirements, or work with the Congressional committees to discuss and resolve disagreements regarding the impact and appropriateness of such requirements; provide information to Congress in a timely manner; schedule regular meetings with members and staff of the Authorizing and Appropriations Committees to improve communication and establish a more cooperative relationship; increase the NDCP agencies' ability to have meaningful input into the substance of the National Drug Control Strategy by establishing a more formal collaborative process; actively engage with NDCP agencies as they develop their drug control policies and collect appropriate data tied to their Strategy responsibilities; use Working/Coordinating Committees to expand its outreach capabilities; and institute a regular feedback mechanism with NDCP agencies and stakeholders.

Concluding Remarks

As ONDCP celebrates its twentieth year of existence, the Panel believes the organization has the opportunity to enhance its credibility and effectiveness, increase transparency, streamline its organization, simplify its work processes, bolster its workforce management, and improve and leverage its relationships. Seizing this opportunity will translate into increased organizational capacity to address the nation's drug challenges, with positive implications for the nation's public health. When Congress enacted legislation in 1988 to create ONDCP, it envisioned a policy and coordinating role that would harness the significant resources dedicated to address this multi-dimensional public health and law enforcement issue. The Panel believes that, as a mature organization, ONDCP must demonstrate its readiness, ability, and willingness to adapt to changing threats and realize its full potential.

Toward this end, the Panel has offered its findings and recommendations, rooted in the Panel and National Academy's abiding commitment to good government and to helping the nation combat drug abuse and its consequences. The Panel has worked assiduously to balance competing interests and to tailor its recommendations to ONDCP's particular mission challenges, especially the challenges it faces in coordinating across the federal spectrum. The Panel believes that ONDCP's timely implementation of the Panel's recommendations and associated action items will help ONDCP increase its organizational and mission effectiveness dramatically. In the process, ONDCP will enhance its capacity to marshal the nation's resources to accomplish its important mission.

Thank you. I would be happy to answer any questions you may have.