

DEPARTMENT OF HOMELAND SECURITY

CUSTOMS AND BORDER PROTECTION

I. RESOURCE SUMMARY

	Budget Authority (in Millions)		
	2005	2006	2007
	Final	Enacted	Request
Drug Resources by Function			
Intelligence	\$83.000	\$206.830	\$233.549
Interdiction	1,332.000	1,384.170	1,562.985
Research & Development	14.000	-	-
Total Drug Resources by Function	\$1,429.000	\$1,591.000	\$1,796.534
Drug Resources by Decision Unit			
Air & Marine Operations	\$232.000	\$360.000	\$303.929
Construction	22.000	59.000	61.429
Salaries and Expenses	1,175.000	1,172.000	1,431.176
Total Drug Resources by Decision Unit	\$1,429.000	\$1,591.000	\$1,796.534
Drug Resources Personnel Summary			
Total FTEs (direct only)	7,773	8,097	8,522
Drug Resources as a Percent of Budget			
Total Agency Budget (Billions)	\$5.333	\$5.928	\$6.574
Drug Resources Percentage	26.79%	26.84%	27.33%

Methodology

- **Office of Field Operations:** The Office of Cargo Conveyance and Security/Non-Intrusive Inspection Division of the Office of Field Operations estimates that there are currently 2,763 CBP officer positions that are related to drug enforcement called Enforcement Team officers. In August 2003, CBP established a Consolidated National Inspectional Anti-Terrorism Contraband Enforcement Team (A-TCET) Policy. Under A-TCET, the former Contraband Enforcement Team (CET), Manifest Review Unit (MRU), Non-Intrusive Inspection, Canine, and Outbound teams were united to form a single enforcement team, A-TCET.
 - The A-TCET teams also work closely with the Passenger Enforcement Rover Team (PERT) and Passenger Analytical Unit (PAU) teams to coordinate all enforcement activities. Although the primary mission of the A-TCET teams is anti-terrorism, they also will focus on all types of contraband, including narcotics. CBP scores 85 percent of CET Inspector time has been devoted to drug enforcement. The smuggling methodologies and their indicators are believed to be similar for both narcotics and anti-terrorism activities.

- By the end of FY 2005, there were a total of 646 Canine Enforcement officers. Included in the total were 442 Narcotics Detection Teams, 17 Currency Detection Teams and 85 Narcotics/Human Smuggling Detection Teams that were nearly 100 percent devoted to smuggling interdiction.
- There were 14,290 Other CBP officers that, in addition to the interdiction of contraband and illegal drugs also enforce hundreds of laws and regulations of many other federal government agencies. CBP subject matter experts estimate that roughly 30 percent of these officers' time is devoted to drug-related activities.
- **Office of Border Patrol:** There are over 11,200 Border Patrol agents that are assigned the mission of detecting and apprehending illegal entrants between the ports-of-entry along the 8,000 miles of the United States borders. These illegal entries include aliens and drug smugglers, potential terrorists, wanted criminals, and persons seeking to avoid inspection at the designated ports of entry due to their undocumented status, thus preventing their illegal entry. It has been determined that 15 percent of the total agent time nationwide is related to drug interdiction activities. These activities include staffing 26 permanent border traffic checkpoints nationwide including 510 canine units trained in the detection of humans and certain illegal drugs that are concealed within cargo containers, truck trailers, passenger vehicles and boats. In addition, agents perform line watch functions in targeted border areas that are frequent entry points for the smuggling of drugs and people into the United States.
- **Office of Information Technology:** The Office of Information Technology (OIT) supports the drug enforcement mission through the acquisition, and support and maintenance of technology, such as non-intrusive inspection systems and targeting systems. Of OIT's spending on NII, 50 percent of base resources, 50 percent of support and maintenance resources, and 50 percent of non-intrusive imaging acquisition resources support anti-drug, as well as the anti-terrorism missions.
- **CBP Air and Marine:** Since September 11, 2001, Air and Marine has redirected part of its mission to protecting the United States from acts of terrorism. As a result of the expanded mission requirements, resources that support the program are considered to be 90 percent drug-related. In FY 2006, given the shared mission between counterdrug and counterterrorism support, CBP will review the program's asset allocation requirements and adjust the percentages accordingly.
- **Office of Training and Development:** The Office of Training and Development (OTD) arrived at its estimates by reviewing all courses conducted to determine if the course contained drug enforcement related material. If the course was found to contain drug related material, the funding attributed to the course was then multiplied by the drug content percentage based on the drug budget methodology. Other resources were attributed to drug enforcement activities at a rate of 25 percent based on the diverse nature of OTD's programs such as anti-terrorism, career development, and transition training of the legacy workforce.

II. PROGRAM SUMMARY

- **U.S. Customs and Border Protection Authorities:** Titles 18 U.S.C. and 19 U.S.C. authorize U.S. Customs and Border Protection (CBP) to regulate the movement of carriers, persons, and commodities between the U.S. and other nations. It is through this statutory authority that CBP plays a key role in the overall anti-drug effort at the border.
 - CBP jurisdiction is triggered by the illegal movement of criminal funds, services, or merchandise across the national borders and is applied pursuant to the authority of the Bank Secrecy Act, “USA PATRIOT Act,” Money Laundering Control Act, and other CBP laws.
- **Field Operations Interdiction Efforts:** CBP has implemented aggressive border enforcement strategies that are designed to interdict and disrupt the flow of narcotics and ill-gotten gains across the nation’s borders and dismantle the related smuggling organizations.
 - CBP’s Automated Targeting System (ATS) addresses targeting needs in the passenger and cargo (air, land and sea) environments in the United States and in foreign ports by CBP officers targeting cargo under the Container Security Initiative (CSI). The system utilizes a battery of rules to vet all available information related to cargo, passengers and vehicles, and generates relative risk scores for cargo shipments, passengers and vehicles.
 - CBP employs sophisticated hand-held tools, deployed high technology non-intrusive inspection systems, and detector dogs. These assets enable CBP to successfully target, identify, and apprehend the willful violator, while efficiently processing the flow of law abiding international passengers and compliant cargo entering and exiting the U.S.
 - Under the Customs-Trade Partnership Against Terrorism (C-TPAT), CBP works closely with importers, carriers, brokers, freight forwarders, and other industry sectors to develop a seamless, security-conscious trade environment resistant to the threat of international terrorism. C-TPAT provides the business community and government a venue to exchange ideas, information, and best practices in an ongoing effort to create a secure supply chain, from the factory floor to U.S. port of entry. Under C-TPAT, America’s Counter Smuggling Initiative (ACSI), the Carrier Initiative Program (CIP), and the Business Anti-Smuggling Initiative (BASC) remain instrumental in expanding anti-narcotics security programs with trade groups and government throughout the Caribbean, Central and South America and Mexico.
- **Field Operations Intelligence Program:** The Intelligence Program provides support to CBP inspectional and Border enforcement personnel in disrupting the flow of drugs by collection and analysis of all source information and dissemination of intelligence to the appropriate component. Also, the program provides strategic intelligence estimates to executive management for purposes of planning and resource allocation.
- **Field Operations Enforcement Technology:** CBP is continuing to acquire and deploy additional large-scale, non-intrusive inspection (NII) systems to the nation’s air, sea and land

border ports of entry. These systems include the Vehicle and Cargo Inspection System (VACIS), Mobile VACIS, Truck X-ray, Mobile Truck X-ray, Rail VACIS, Mobile Sea Container Systems and the Pallet Gamma-ray System. Large-scale NII technologies are viewed as force multipliers that enable screening or examining a larger portion of the stream of commercial traffic while facilitating the flow of legitimate trade and cargo.

- **Field Operations Canine Enforcement:** Detector dog teams play a major role in operational enforcement efforts to seize and disrupt the flow of narcotics into the United States.
- **Field Operations Currency Interdiction:** CBP interdicts undeclared bulk currency under 31 USC 5316/17, cutting off funds that fuel terrorism, narcotics trafficking, and criminal activities worldwide.
 - CBP officers perform Buckstop Operations, screening outbound travelers and their personal effects. Cashnet Operations focus on interdicting bulk currency exported in cargo shipments. CBP also uses mobile X-ray vans, and 14 specially trained currency canine teams to efficiently target individuals, personal effects, conveyances and cargo acting as vehicles for the illicit export of undeclared currency.
- **CBP Air and Marine:** CBP Air and Marine protects the nation's borders and the American people from the smuggling of narcotics and other contraband with an integrated, coordinated and highly trained air and marine interdiction force.
 - CBP Air and Marine P-3 aircraft are the primary U.S. Government aircraft used to fly in and over Colombia in support of detection and monitoring efforts. The P-3 AEW and slick aircraft are critical to interdiction operations in the source and transit zones because they provide vital radar coverage in regions where mountainous terrain, expansive jungles and large bodies of water limit the effectiveness of ground-based radar.
 - CBP Air and Marine have opened two Northern Border Branches and are in the procurement process for the aircraft to fully outfit these units. The two sites are at Bellingham, Washington and Plattsburgh, New York. These units provide permanent, same day counter-terrorism, counter-narcotics and general investigative support.
 - In the Transit Zone, CBP Air and Marine crews work in conjunction with the law enforcement agencies and military forces of other nations in support of their counter-narcotic programs. Counter-drug missions include detection and monitoring, interceptor support, and coordinated training with military and other law enforcement personnel.
- **Border Patrol Operations:** The Border Patrol has primary responsibility for drug interdiction between the land ports-of-entry. The Border Patrol participates in numerous interagency drug task force operations with other federal, state and local law enforcement agencies through Operation Alliance along the southern border. The Border Patrol is also an active participant in the Southwest Border HIDTA in Texas, New Mexico, Arizona and

California. To further assist the Border Patrol in this endeavor, all Border Patrol agents receive Drug Enforcement Administration Title 21 cross-designated authority as part of their basic training.

- The Border Patrol conducts border control activities from the decks of various sized marine craft along the coastal waterways of the U.S., Puerto Rico and the interior waterways common to the United States and Canada.
- The Border Patrol canine program was implemented in 1986 in response to escalating alien and drug smuggling activities along the Mexican and Canadian borders. The canines are trained at the Border Patrol National Canine Facility in El Paso, Texas, to locate hidden persons, marijuana, heroin and cocaine. The canines are used in nearly every enforcement activity of the Patrol including line watch, traffic check operations, and train and bus checks.

III. BUDGET SUMMARY

2006 Program

- In FY 2006, CBP will direct \$1,591.0 million or 27 percent of its direct appropriations to its drug control efforts. Specific drug control program enhancements were not requested in the FY 2006 budget. The intent of FY 2006 program increases is to safeguard the American homeland at and beyond the borders. CBP protects the American public against terrorists and the instruments of terror and steadfastly enforces the laws of the United States and fosters the nation's economic security. Specifically, within CBP Air & Marine Operations, FY 2006 funding supports the Long Range Radar program, P-3 Service Life Extension, and Palletized Sensor Packages that will ensure that the CBP Air program is able to provide robust support for transit zone drug interdiction operations.

2007 Request

- In FY 2007, CBP estimates that it will direct \$1,796.5 million or 27 percent of its direct appropriations to its drug control efforts. The FY 2007 budget provides the necessary manpower, non-intrusive technology inspection systems and the intelligence, surveillance and reconnaissance technology to deter and detect the smuggling of illegal drugs, especially along the Southwest Border and to address the problem of smuggling cocaine from Columbia into the United States. Major enhancements include:
 - **Department of Homeland Security—Customs and Border Protection—Secure Border Initiative: +\$152.4 million.** To achieve operational control over the nation's borders, as well as to implement a substantial deterrent to illegal crossings, significant funding (although the drug-related attribution for the Secure Border Initiative is \$152.4 million, the total increase in CBP's budget for this proposal is \$639.0 million) is provided to support an integrated border solution which relies on expanded agent staffing, border infrastructure, and technology. Specific components of this enhancement include:

- **Increased Border Patrol Presence: +\$109.0 million.** This proposal will fund the hiring, training and equipment for 1,500 new Border Patrol Agents and 506 mission support personnel. It also will provide for relocation and sector information technology system upgrades in support of the new agents and equip the Border Patrol Academy with sufficient infrastructure, technology, and instructors to accommodate the increased number of agents.
 - **Secure Border Initiative Technology: +\$24.0 million.** This component will substantially expand purchases of critically needed border technology infrastructure between the nation's ports of entry.
 - **Western Arizona Tactical Infrastructure: +\$12.2 million.** This proposal will fund the construction of approximately 39 miles of permanent vehicle barriers in the Western Arizona sector.
 - **San Diego Border Infrastructure System: +\$7.2 million.** This proposal will fund land acquisition, and construct the San Diego Border Infrastructure system (BIS) project that includes multiple fences, lighting, and patrols roads enabling quick enforcement response.
- **National Targeting Center (NTC):** Resources will support 60 new positions to current and expanded NTC operations. The NTC provides nationally directed targeting technology, targeting methodology, subject matter expertise, and training in support of anti-terrorism activities. Increases in staffing will enable the NTC to expand audio and visual communications to support current and future facilities, and enhance the around-the-clock operations providing tactical targeting and analytical research support.
 - **Arizona Border Control Initiative (ABCI):** Resources will support travel, lodging and overtime of 110 Border Patrol Agents to Tucson, Arizona; Yuma, Arizona and flanking sectors as part of the highly successful ABCI. Placing additional personnel, camp details, infrastructure and technologies in high traffic areas raises the effectiveness of law enforcement operations and creates a deterrent that will inhibit smuggling organizations.

IV. PERFORMANCE

Summary

- This section on CBP's drug control program accomplishments is drawn from the FY 2007 Budget Request and Performance Plan, and the FY 2005 Performance and Accountability Report (PAR). CBP's drug control program has not been reviewed under the Administration's PART process. The Office of Field Operations' (OFO) drug control efforts were included as part of 2004 PART assessment of Border Security, Inspections, and Trade Facilitation (BSITF) at the Ports of Entry. The program received an overall rating of Effective. OFO drug control efforts were not separately rated. The output measures presented indicate how program performance is being monitored.

- In FY 2005, Air and Marine Interdiction was transferred back to CBP from Immigration and Customs Enforcement. CBP's performance objectives support its strategic goals which include protecting America and its citizens by prohibiting the introduction of contraband such as illegal drugs. Measures supporting this include enforcement of narcotics laws and regulations at the borders, and detection, apprehension, and deterrence of smugglers of drugs and other contraband.
- The FY 2005 Performance and Accountability Report (PAR) highlights the accomplishments made by CBP's drug control programs at the ports of entry.
- The data below includes Office of Field Operations, Border Patrol, and Air and Marine Interdiction. CBO currently has performance targets only for the Office of Field Operations so no aggregate target data is presented.

Customs and Border Protection		
PART Review		
Last Year Reviewed:	2004	reviewed as part of BSITF
Selected Measures of Performance		
Selected Output Measures	FY 2005 Target	FY 2005 Achieved
■ Inspection Narcotics Seizures - Cocaine (thousands of pounds)	NA	273.9
■ Inspection Narcotics Seizures - Marijuana (thousands of pounds)	NA	1,941.2
■ Inspection Narcotics Seizures - Heroin (thousands of pounds)	NA	2.8

Discussion

- One of CBP's Strategic Goals, "Contribute to a safer America by prohibiting the introduction of illicit contraband into the United States" has as its Performance Objective, to "Reduce the importation of all prohibited or illegal drugs and other materials that are harmful to the public or may damage the American economy.
- The data include the amounts of cocaine, marijuana, and heroin seized at the ports of entry by or with the participation of CBP officers from passengers, vehicles, commercial and private aircraft, vessels, trucks, cargo and railcars entering the United States.
- CBP's OFO FY 2005 performance targets and actual results (thousands of pounds at ports of entry), as presented in the DHS FY 2005 PAR, are as follows: Cocaine – target: 43.1, actual 42.8; Heroin – target 3.5, actual 2.3; and Marijuana – target 743, actual 532. CBP indicates that the number of narcotics seizures found from their random sampling of incoming vehicles has been going down over the last few years, indicating that, overall, fewer narcotics are actually entering via vehicles.
- CBP targets reflect forecasts of what is likely to be achieved based on statistical analysis of previous year's data. ONDCP is working with CBP to determine the best method of developing targets that will reflect the efforts of all CBP components.

DEPARTMENT OF HOMELAND SECURITY

IMMIGRATION AND CUSTOMS ENFORCEMENT

I. RESOURCE SUMMARY

	Budget Authority (in Millions)		
	2005	2006	2007
	Final	Enacted	Request
Drug Resources by Function			
Intelligence	\$2.846	\$3.066	\$3.289
Investigations	358.689	433.467	474.655
Total Drug Resources by Function	\$361.535	\$436.533	\$477.944
Drug Resources by Decision Unit			
Salaries and Expenses	\$361.535	\$436.533	\$477.944
<i>Organized Crime and Drug Enforcement Task Force [Non-Add]</i>	<i>[0.000]</i>	<i>[43.678]</i>	<i>[44.639]</i>
Total Drug Resources by Decision Unit	\$361.535	\$436.533	\$477.944

Drug Resources Personnel Summary			
Total FTEs (direct only)	2,267	2,496	2,642
Drug Resources as a Percent of Budget			
Total Agency Budget	\$ 3,355.328	\$ 3,630.443	\$ 4,444.583
Drug Resources Percentage	10.77%	12.02%	10.75%

Methodology

- Investigations Program:** The methodology for the Office of Investigations is based on investigative case hours recorded in ICE's automated Case Management System. Officers record the type of work they perform in this system. Following the close of the fiscal year, a report is run showing investigative case hours that are coded as general narcotics cases and money laundering narcotics cases. A second report is run showing all investigative case hours logged. A percentage is derived by dividing the number of investigative case hours linked to drug control activities by the total number of investigative case hours. This percentage may fluctuate from year to year. For FY 2005, the percentage was 31.6 percent. To calculate a dollar amount, this percentage was applied to actual obligations incurred by the Office of Investigations against budget authority gained in FY 2005, excluding reimbursable authority.
- Intelligence Program:** ICE employs the same methodology for calculating all drug control activities within the Office of Intelligence's (OI) budget. For FY 2005, 8.2 percent of the total case hours for Intelligence were found to be in support of drug control activities through an examination of data recorded in the Case Management System. This percentage was applied to budget authority gained in FY 2005 incurred by OI for all activities.

II. PROGRAM SUMMARY

- **Investigative Operations:** ICE is authorized to enforce federal statutes and regulations concerning the movement of carriers, persons, and commodities between the United States and other nations, which enables ICE to play a key role in the overall anti-drug effort with a nexus to the border.
 - ICE has broad authority to investigate international financial crime and money laundering. ICE's jurisdiction is triggered by the illegal movement of criminal funds, services, or merchandise across the nation's borders and is applied pursuant to the authority of the Bank Secrecy Act, the USA PATRIOT Act, and the Money Laundering Control Act.
 - Money Laundering - ICE financial investigations target the systems used by international criminal organizations to launder the proceeds of their criminal activities. ICE has implemented an aggressive strategy to combat money laundering by: combining interdiction efforts with international law enforcement counterparts, interagency coordination efforts, undercover investigations, and regulatory interventions that target those systems.
 - ICE has established Trade Transparency Units (TTU) with countries of concern for narcotics trafficking and related money laundering. The TTUs analyze trade data of the United States and cooperating foreign governments to identify anomalies that may be indicative of trade-based money laundering, such as the Black Market Peso Exchange.
 - ICE conducts specialized investigative training, focusing on bulk cash smuggling (BCS), for state and local police officers and assistant U.S. attorneys. In addition, ICE conducts comprehensive financial investigations training for foreign law enforcement officers. ICE's investigations and aggressive enforcement activity against BCS stem the flow of funds that fuel narcotics trafficking and criminal activities worldwide.
 - ICE is a primary participant in the 15 Integrated Border Enforcement Teams (IBETs) that are located across the Northern Border. IBETs are multi-agency international task forces that enhance border integrity and security at the nation's shared border with Canada by identifying, investigating, and interdicting persons and organizations that pose a threat to national security or are engaged in other organized criminal activity.
 - ICE participates in and actively supports the Organized Crime Drug Enforcement Task Forces (OCDETF). ICE OCDETF Coordinators sit on each of OCDETF's nine regional task forces and actively interact with other federal law enforcement agencies, local police chiefs, and state and local prosecutors. ICE dedicates resources to participate in highly complex OCDETF investigations targeting major drug smuggling organizations.
 - ICE participates jointly with the DEA and the FBI on Operation Panama Express (PANEX). PANEX is a federally approved Organized Crime Drug Enforcement Task Force (OCDETF) investigation targeting Colombian narco-trafficking organizations.

- **Intelligence Operations:** The OI provides support to all ICE investigative, detention and removal components, as well as many other departmental entities, in disrupting the flow of drugs by collecting and analyzing all source information and disseminating tactical intelligence to the appropriate operational component.

III. BUDGET SUMMARY

2006 Program

- The ICE drug control budget for FY 2006 is \$436.5 million. This budget reflects a net increase of \$74.9 million above the FY 2005 level. The increase reflects an upward adjustment for inflation, technical adjustments to base, and the inclusion in ICE's direct appropriation base funding of \$43.7 million for OCDETF program costs, previously provided as a reimbursement from the Department of Justice appropriation.

2007 Request

- The FY 2007 drug control proposal is \$477.9 million. This amount is \$41.4 million above the FY 2006 enacted level. The increase reflects an upward adjustment for inflation and technical adjustments to base.

IV. PERFORMANCE

Summary

- This section on program accomplishments is drawn from the FY 2007 Budget Request and the FY 2005 Performance and Accountability Report (PAR).
- ICE's Office of Investigations (OI) was reviewed by OMB under the PART process in 2004. However, individual components, such as the drug control functions, were not reviewed separately. Therefore, there are no separate findings for the drug control component of OI's mission.
- ICE will continue to provide traditional measures such as drug seizures. OI is currently in the process of developing new performance measures that will tie drug control efforts to impacts on the systems by which drugs and drug money are moved and stored.

Immigration and Customs Enforcement		
PART Review		
Last Year Reviewed:	None	
Selected Measures of Performance		
Selected Output Measures	FY 2005 Target	FY 2005 Achieved
■ cocaine (thousands of pounds)	*	274.9
■ cocaine (number of seizures)	*	1,687.0
■ cocaine (pounds per seizures)	*	163.0
■ marijuana (thousands of pounds)	*	1,023.0
■ marijuana (number of seizures)	*	4,999.0
■ marijuana (pounds per seizures)	*	204.6
■ heroin (thousands of pounds)	*	3.2
■ heroin (number of seizures)	*	577.0
■ heroin (pounds per seizures)	*	5.6

The Office of Investigations (OI) was reviewed in PART as one program. Therefore, there are no separate findings for the Drug component of OI's mission. For FY 2005, the outcome measure for the OI as a whole was the percentage of completed cases.

* FY 2005 is the first full reporting year with the consolidation of OI law enforcement on the one system of TECS. FY 2005 results will establish the baseline to use for out-year targets.

Discussion

- ICE is continuing to refine its approach to performance measurement. The outcome-oriented measure reflecting the percentage of completed investigations which have an enforcement consequence was changed from active cases to cases closed so that multi-year cases would be counted only once (upon completion).
- ICE's performance accomplishments and its efforts in support of the overall anti-drug effort, reflect its broad participation in multi-agency efforts along the U.S Northern Border, OCDETF's nine regional task forces, and its partnership in the Special Operations Division investigative activities with the Department of Justice, the Drug Enforcement Administration, the Federal Bureau of Investigation, and the Internal Revenue service.

DEPARTMENT OF HOMELAND SECURITY

UNITED STATES COAST GUARD

I. RESOURCE SUMMARY

	Budget Authority (in Millions)		
	2005 Final	2006 Enacted	2007 Request
Drug Resources by Function			
Interdictions	\$870.525	\$1,031.502	\$1,029.446
Research and Development	1.385	0.903	0.684
Total Drug Resources by Function	\$871.910	\$1,032.405	\$1,030.130
Drug Resources by Decision Unit			
Acquisition, Construction and Improvements	\$272.672	\$338.874	\$329.027
Operating Expenses	585.379	677.181	684.043
<i>Interagency Crime and Drug Enforcement</i>			
<i>[non-add] ^{1/}</i>	-	[0.626]	[0.640]
Research and Development	1.385	0.903	0.684
Reserve Training	12.474	15.447	16.376
Total Drug Resources by Decision Unit	\$871.910	\$1,032.405	\$1,030.130

Drug Resources Personnel Summary			
Total FTEs (direct only)	4,662	6,301	6,322
Drug Resources as a Percent of Budget			
Total Agency Budget	\$ 7,737.427	\$ 8,300.193	\$ 8,422.075
Drug Resources Percentage	11.27%	12.44%	12.23%

^{1/} In FY 2005 budget authority was appropriated to the Department of Justice.

Methodology

- The Coast Guard does not have a specific appropriation for drug interdiction activities. All drug interdiction operations, capital improvements and acquisitions, reserve training, and research and development activities are funded out of the appropriations specified herein.
- Reflecting the multi-mission nature of Coast Guard units, the accounting system is keyed to operating and support facilities, rather than to specific missions. Consistent with that approach, personnel and other costs are administered and tracked along operational and support capability lines requiring sophisticated cost accounting techniques.

Coast Guard uses a Mission Cost Model (MCM) methodology to compute its drug attribution. The MCM allocates funding across Coast Guard missions in the Performance-based Budget (PBB) presentation. The MCM allocates all direct and support costs to

mission-performing units (e.g., a 378-foot cutter). Established baselines of operational activity are used to further allocate those costs to the various missions.

- **Operating Expenses (OE):** OE funds are used to operate facilities, maintain capital equipment, improve management effectiveness, and recruit, train, and sustain all active duty military and civilian personnel. Budget presentations for current and future years use the most recent OE asset cost data. The MCM systematically allocates all OE costs in the following way:
 - **Direct Costs:** Applied directly to the operating assets (high endurance cutter, HC-130 aircraft, 41' utility boat) that perform missions;
 - **Support Costs:** Applied to assets for which cost variability can be specifically linked to operating assets (based on carefully-developed allocation criteria); and
 - **Overhead Costs:** Applied to assets based on proportion of labor dollars spent where cost variability cannot be specifically linked to operating assets. This is a standard industry approach to overhead allocation.
- Once all Operating Expense costs are fully loaded on mission-performing assets, those costs are further allocated to Coast Guard missions (Drug Enforcement, Search and Rescue, etc.) using actual or baseline projections for operational employment hours.
- **Acquisition, Construction & Improvements (AC&I) Appropriation:** the MCM model is used to develop an allocation of costs by mission areas for proposed AC&I projects. For example, if a new asset is being proposed for commissioning through an AC&I project, costs would be applied to missions using the operational profile of a comparable existing asset.
- **Research, Development, Test & Evaluation (RDT&E) Appropriation:** The MCM model is used to develop an allocation of costs by mission areas for proposed Research, Development, Test and Evaluation (RDT&E) projects. Scoring of drug interdiction funding is accomplished within the zero-based RDT&E decision unit and every line item requested in the RDT&E budget was evaluated for its anticipated contribution to drug interdiction efforts. Generally, each RDT&E project has a discrete driver that is selected to allocate the funding for that project to the various mission areas of the Coast Guard. These drivers are based upon experienced professional judgment. Once the unique program driver is determined the program percentage spreads for each of these drivers are extracted from the mission cost model.
- **Reserve Training (RT) Appropriation:** A portion of the funds available to the drug control mission areas are included in the RT appropriation. RT funds are used to support Selected Reserve personnel who in turn support and operate facilities, maintain capital equipment, improve management effectiveness, and assist in sustaining all operations. In the RT budget, allocating a share of budget authority using the same methodology used for OE derives the amount allocated to the drug control mission area.

II. PROGRAM SUMMARY

- The Coast Guard enforces federal laws in the transit and arrival zones as the nation's principal maritime law enforcement agency with jurisdiction on, under and over the high seas and U. S. territorial waters. As part of its strategic goal in maritime security, the Coast Guard's drug interdiction objective is to reduce the flow of illegal drugs entering the United States by denying smugglers their maritime routes.
- The Coast Guard has developed a ten-year counterdrug strategic plan, Campaign STEEL WEB. This plan is a comprehensive approach to maritime counterdrug law enforcement in the transit and arrival zones. The cornerstones of this plan are:
 - Maintain a strong interdiction presence highlighted by agile and flexible operations in the transit and arrival zones guided by improved actionable intelligence and information to deny smugglers access to maritime routes and deter trafficking activity;
 - Strengthen ties with source and transit zone nations to increase their willingness and ability to reduce the production and trafficking of illicit drugs within their sovereign boundaries, including territorial seas. This will be accomplished through increased engagement designed to deny smugglers safe havens and enhance the law enforcement capabilities of partnering nations' maritime forces;
 - Support interagency and international efforts to combat drug smuggling through increased cooperation and coordination; and
 - Promote efforts to reduce illegal drug use in the maritime environment.
- The Coast Guard aims to conduct effective and agile interdiction operations directed at high threat drug smuggling activity to significantly affect maritime trafficking routes and modes through seizures, disruption and displacement. To this end, the Coast Guard:
 - Deploys a fleet of vessels and aircraft that is equipped with sensors, communications systems and detection technologies guided by coordinated intelligence to surveil, detect, classify, identify, and interdict suspected drug traffickers in the maritime transit and arrival zones. These deep-water cutters, patrol boats, maritime patrol aircraft, helicopters and various small boats provide a critical maritime interdiction presence;
 - Participates in coordinated and joint operations with law enforcement agencies, Defense, and international partners to enhance the effectiveness of transit and arrival zone interdiction efforts. The Coast Guard plans and executes cooperative operations enhancing surveillance, detection, classification, identification, and prosecution in the transit and arrival zones;
 - Deploys Coast Guard Law Enforcement Detachments aboard U.S. Navy and foreign naval vessels to provide maritime law enforcement expertise and authority required to carry out interdiction operations throughout the transit zone;

- Conducts combined law enforcement operations with source and transit zone nations. These operations provide training, bolster the participating nations' law enforcement capabilities and strengthen their political will to fight the adverse impacts of illicit smuggling;
- Negotiate maritime counterdrug agreements in conjunction with the Department of State. These agreements promote seamless law enforcement efforts and facilitate the exercise of host nation authority. Through such initiatives, the Coast Guard strives to make territorial boundaries as functionally transparent to law enforcement forces as they are to the smuggling community; and
- Provides ongoing support to lead agencies focused on programs that are designed to reduce the flow of drugs from source countries. These efforts include providing intelligence resources concentrating on source country activities and personnel for international training in source countries.

III. BUDGET SUMMARY

2006 Program:

- The total FY 2006 drug control request for all accounts is \$1,032.4 million. This level will provide for drug interdiction related activities in support of *Strategy* priorities. This total includes \$677.2 million for OE, \$338.9 million for AC&I, \$15.4 million for RT, and \$0.9 million for RDT&E.
- The budget provides \$923.8 million (\$284.2 million drug-related) for the continued development of the Integrated Deepwater System (IDS) acquisition. The Deepwater project will re-capitalize the aging legacy surface and air fleets. It will ensure the Coast Guard is properly equipped and outfitted to enable long-term strategies, such as Campaign STEEL WEB to reap success well into the 21st Century.
- The OE program supports end-game capability through continued implementation of the very successful Airborne Use of Force (AUF) project. The ability to intercept, stop, and board go-fast smuggling boats will be enhanced with armed helicopters, capable of delivering non-deadly force to stop fleeing suspect vessels, working in tandem with Over-the-Horizon (OTH) boats launched from cutters. OE funding will provide support for the helicopters as well as the personnel, maintenance, operations, facilities and training associated with this initiative.
- Continued delivery of the Integrated Deepwater System (IDS) including: construction of the first two National Security Cutters (NSC) to be delivered in FYs 2007 and 2008, respectively; initial design of the Fast Response Cutter (FRC) and the offshore Patrol Cutter (OPC) ; production of the first three Maritime Patrol Aircraft (MPA) and one Vertical Unmanned Aerial Vehicle (VUAV) to be delivered in FY 2006 and FY 2007; an Integrated Logistics Support System and legacy sustainment/enhancement projects for all major cutters

and aircraft, including continued replacement of engines of the HH-65 short-range helicopter fleet.

- Implemented the Common Operational Picture (COP), a nationwide maritime monitoring system, throughout Coast Guard's regional operational command centers. COP reduces elements of uncertainty and increases Maritime Domain Awareness (MDA), thereby enabling more effective decision-making at all levels of command.
- The FY 2006 program was designed to enable the Coast Guard to build upon Campaign STEEL WEB successes and maintain effective interdiction in the transit zone. The underlying operations of STEEL WEB will continue, including FRONTIER SHIELD in the transit zone off Puerto Rico and the Virgin Islands.
- The Coast Guard program will also support additional efforts in the Eastern Pacific Theater of operations. The Coast Guard will also continue limited support to Joint Inter-Agency Task Force (JIATF)-South's Operation CAPER FOCUS deep in the transit zone off the west coasts of Colombia, Peru, and Ecuador.
- The OE program will continue to fund critical intelligence collection and support that will improve the Coast Guard's ability to identify, intercept and efficiently board smuggling vessels. This includes personnel to support enhanced training and technical assistance engagement with the maritime forces in source and transit zone nations as part of the STEEL WEB strategy.
- The RDT&E program level includes funding to: develop technologies to improve detection of hidden contraband in locations that were previously impossible to search; improve tactical communications systems to improve interagency coordination, command and control; and develop technologies that give commanders a wider range of options to stop fleeing vessels.

2007 Request

- The total FY 2007 drug control proposal for all accounts is estimated at \$1,030.1 million. This total includes \$684.0 million for OE, \$329.0 million for AC&I, and \$16.4 million for RT and \$0.7 million for RDT&E.
- The request represents another milestone in IDS acquisition as it provides \$934.4 million (\$289.4 million drug-related) for the fourth full year of building out the system.
- **Operating Expenses:**
 - Funding continues deployment of airborne use-of-force assets designed to stop the go-fast boat smuggling threat.
 - Funding will provide for an interdiction presence for Operation FRONTIER SHIELD and other interdiction pulse operations in the Caribbean transit zone.

- Funding will increase the number of Maritime Patrol Aircraft flight hours, thereby allowing greater coverage for known departures, and creating greater awareness in the transit zone and hand off to end game assets.
- Funding will provide interdiction efforts in the maritime regions along the Southwest Border. The Coast Guard maritime interdiction efforts off the coast of south Texas and the coast of Southern California are designed to complement the combined efforts of federal, state, and local law enforcement agencies to reduce trafficking across the Southwest Border. As part of the Southwest Border Initiative, the Coast Guard will continue efforts to enhance international cooperation through its relationship with the Mexican Navy.
- The FY 2007 drug program will allow the Coast Guard to continue combined international intelligence operations with Caribbean, Central and South American countries. The program will include supporting the U.S. Southern Command's source country initiative to disrupt production and transportation of illicit drugs. Coast Guard participation includes forward deployed aircraft.
- This budget continues a series of multilateral counterdrug operations in the Caribbean involving Dutch and United Kingdom resources and regional law enforcement authorities. These highly mobile operations are designed to focus on the highest threats in the region using local assets and law enforcement agencies in conjunction with multinational maritime forces.
- The Coast Guard will continue periodic bilateral counterdrug operations such as Operation CONJUNTOS with Panama, Operation RIP TIDE with Jamaica, and Operation DAGGER with the Colombian Navy. These efforts focus heavily on training and professional exchanges among law enforcement units with the goal of strengthening international coordination.
- **Acquisition, Construction, & Improvements:** The FY 2007 proposal provides \$934.4 million for Deepwater, significantly advancing the program. Specifically, the FY 2007 budget funds the revised Deepwater Implementation Plan (updated to reflect post-9/11 maritime security mission requirements) by:
 - Funding construction of the fourth National Security Cutter (WMSL 753);
 - Completing the construction of the first Fast Response Cutter;
 - Acquiring a medium-range Maritime Patrol Aircraft (MPA #6), a CASA CN 235-300M, and the mission pallet and logistics to field MPA #4, #5, and #6 at a second air station;
 - Testing and evaluation of a Vertical Unmanned Aerial Vehicle;
 - Converting legacy aircraft for long-term use in the Deepwater system by upgrading engines and radars and improving avionics;

- Completing HH-65 (short-range helicopter) re-engining;
 - Funding the introduction of six newly-missionized HC-130J long-range MPA into the operational inventory;
 - Arming thirty-six helicopters with airborne use of force capability in homeland security and counterdrug missions;
 - Conducting six legacy medium endurance cutter sustainment projects;
 - Continuing the enhancement of legacy cutter and shore C4ISR allowing real time secure network-based command and control;
 - Building the Deepwater Common Operating Picture linking all Deepwater asset; and
 - Constructing the piers and hangars necessary to support new cutters and aircraft.
- **Reserve Training:** Reserve Training funds will be used to support Selected Reserve personnel who in turn support and operate facilities, maintain capital equipment, improve management effectiveness, and assist in sustaining all operations. In the RT budget, the funding assumes a drug control allocation equivalent to that of the OE program costs since RT personnel augment OE program functions.

IV. PERFORMANCE

Summary

- This section on Coast Guard drug control program accomplishments is drawn from the Coast Guard's FY 2007 Budget Request, the FY 2005 Performance and Accountability Report (PAR), and FY 2004 PART assessment. The chart below includes sectional and overall scores from the PART assessment. The Coast Guard has not undergone a PART update review.
- The final FY 2005 flow information, which allows for the calculation of the cocaine removal rate (the program's outcome performance measure) has not yet been published. However, FY 2005 seizure and removal data (output measures) strongly suggest that the Coast Guard will surpass its FY 2005 target of a 19 percent cocaine removal rate.
- While the Coast Guard's FY 2005 performance results are attributable to a host of factors, three stand out as particularly noteworthy. An increase in actionable intelligence (i.e., raw intelligence coupled with necessary analytical capabilities) allowed for the more rapid and thorough sorting of targets, and more efficient use of surface and air resources. Second, fielding an optimal force package of flight deck equipped ships with armed helicopters and long range surveillance aircraft, is crucial to the surveillance, detection, classification, identification, and prosecution of narco-terrorist threats, including high-speed go-fast vessels.

Third, the International Maritime Interdiction Support provisions in several of the Coast Guard's bilateral counter-drug agreements, coupled with outstanding interagency post-seizure coordination, have been instrumental in conveying detainees and evidence to the U.S. for prosecution while keeping assets in theater for continued interdiction.

US Coast Guard				
PART Review				
Last Year Reviewed		2002	Rating Received	Results not demonstrated
Evaluation Area	Score	Review Highlights Below:		
Purpose.....	100	The program was found to be generally well-managed but faced challenges in strategic planning and performance. In the four years that have passed since the FY 2004 review, the program has made great progress toward addressing OMB's recommendations.		
Planning.....	65			
Management.....	83			
Results.....	25			
Selected Measures of Performance				
Selected Outcome-Oriented Measures			FY 2005 Target	FY 2005 Achieved
■	Non-commercial maritime cocaine removal rate		19.0%	April 2006
Selected Output Measures			Target	Achieved *
■	Amount of cocaine seized (metric tons)		NA	137.8
■	Amount of cocaine removed (metric tons seized, jetisoned, burned, etc)		NA	153.6
■	Amount of cocaine removed plus all other drugs seized (metric tons)		NA	158.2

* Target data are not shown because the removal rate measure had replaced these output measures.

Discussion

- The Coast Guard's Strategic Goal related to illegal drug interdiction focuses on securing maritime routes by halting the flow of illegal drugs, aliens and contraband; preventing illegal incursions of the U.S. Exclusive Economic Zone, and suppressing maritime federal law violations. The strategic goal is monitored by the long-term performance goal of reducing the flow of illegal drugs into the U.S. via maritime routes. Since it is estimated that a 35 percent to 50 percent disruption rate would prompt a collapse of profitability for smugglers, the removal rate measure allows for a direct evaluation of the Coast Guard's efforts in disrupting the market as prescribed by National Priority III of the National Drug Control Strategy.
- The Removal Rate is defined as the amount of cocaine lost to the smuggler (through seizures, burning, jettison, and other non-recoverable events) and is based upon values vetted through the Consolidated Counter-Drug Database (CCDB). This new measure records drugs removed from the market and more accurately reflects Coast Guard counterdrug efforts and results. For the FY 2005 outcome measure, total non-commercial maritime flow data will not be available until summer 2006 when the Interagency Assessment of Cocaine Movement (IACM) is published. At that time, an actual cocaine removal rate will be published for FY 2005.