CONGRESSIONAL BUDGET OFFICE
COST ESTIMATE

November 10, 1997

H.R. 2610
National Narcotics Leadership Act Amendments of 1997

As passed by the House of Representatives on October 21, 1997

SUMMARY

H.R. 2610 would amend the National Narcotics Leadership Act of 1988 to extend the authorization for the Office of National Drug Control Policy (ONDCP) through fiscal year 1999, create three additional deputy director positions, and expand the responsibilities and powers of the office. Much of the legislation would codify current practices of ONDCP and federal agencies in their federal drug control efforts. The legislation, however, would require ONDCP to establish governmentwide policies, goals, and performance measures to achieve specified reductions in unlawful drug use by 2001, and to submit several new reports to the Congress. In addition, the act would require the more than 50 federal entities involved in drug control activities (including both treatment and prevention) to report semiannually on their effectiveness in implementing the national drug control strategy and to provide to ONDCP a detailed annual accounting--authenticated by an inspector general--of funds spent in the previous year on drug control activities.

CBO estimates that implementing H.R. 2610 would cost at least $235 million over the 1998-2002 period—with the potential that costs could significantly exceed that minimum estimate. The bulk of such costs would result from the act's requirement that each agency covered by the National Drug Control Strategy annually provide ONDCP with a detailed accounting of all funds spent on drug control activities. This provision would affect the more than 50 federal agencies and bureaus that together spend the roughly $15 billion annual budget for activities related to drug control. In addition to the new accounting and reporting requirements for federal drug control agencies, CBO estimates that implementing H.R. 2610 would increase costs at ONDCP by less than $500,000 in fiscal year 1998 and subsequent years. CBO estimates that reauthorizing ONDCP funding through fiscal year 1999 would cost about the same as the amount provided to the office in 1998—$35 million.

Enacting the legislation would not affect direct spending or receipts; therefore, pay-as-you-go procedures would not apply. H.R. 2610 contains an intergovernmental mandate as defined

in the Unfunded Mandates Reform Act of 1995 (UMRA), but CBO estimates that complying with this mandate would impose no costs on state, local, or tribal governments. The legislation contains no private-sector mandates as defined in UMRA.

ESTIMATED COST TO THE FEDERAL GOVERNMENT

In addition to the $35 million required for funding the ONDCP in 1999, CBO estimates that the discretionary funding necessary to implement H.R. 2610 would average at least $50 million annually for the 1999-2002 period. Those costs, for agencies other than ONDCP, would be incurred to comply with the bill's new accounting and reporting requirements for all federal agencies that participate in the national drug control efforts. Depending on the extent of agency actions to fulfill those requirements, the costs could easily exceed the minimum estimate of $50 million a year (or $200 million over the 1999-2002 period). In any case, all such costs would be subject to the availability of appropriated funds—to be derived from many different appropriations—for the roughly 50 different agencies and bureaus that are covered by the National Drug Control Strategy.

BASIS OF ESTIMATE

H.R. 2610 would increase costs at federal agencies involved in federal drug control activities by requiring each to submit a semiannual progress report and a detailed annual accounting of funds spent on drug control activities. In addition, subject to the availability of appropriated funds, H.R. 2610 would result in costs for ONDCP in three ways. First, it would authorize the office to continue operating through fiscal year 1999. Second, it would add three new deputy directors. Third, it would require that ONDCP establish policies, goals, and performance measures to reach the legislation's percentage-based targets for reduced illegal drug use and produce several new reports.

Reporting of Funds Spent on Drug Control Activities

H.R. 2610 would require that each agency covered by the National Drug Control Strategy annually provide ONDCP with a detailed accounting of all funds spent on drug control activities. The legislation would require that the inspector general at each agency authenticate the agency's report before it is submitted to ONDCP. Currently, agencies annually report to ONDCP estimates of obligations used in performing drug control activities. For most agencies, H.R. 2610 would dramatically increase the cost and burden in reporting drug budget information. With the few exceptions of agencies that receive funding solely for drug control activities, such as the Drug Enforcement Agency, ONDCP programs, the National Institute of Drug Abuse within the Department of Health and Human Services (DHHS), and counter-drug activities at the Department of Defense, agencies currently could not perform such a detailed accounting. To do so, agencies would need to reconfigure their information systems, data collection and reporting requirements, and accounting systems. Such changes would require a significant initial investment.

CBO estimates that the annual costs for the Health Care Financing Administration (HCFA) alone could be in the tens of millions of dollars. HCFA operates both the Medicaid and Medicare programs, which among other things, pay for certain drug treatment services used by eligible individuals. In the case of Medicaid, HCFA funds state programs through matching grants. For Medicare, HCFA covers claims submitted to it by beneficiaries. In both cases, HCFA estimates annual obligations on the basis of information included in data surveys but does not track spending related to drug treatment services. Accounting for such spending, which HCFA estimates represents less than 1 percent of total spending under Medicaid and Medicare, would require a significant increase in staff time to travel to and oversee the efforts of the 50 states and District of Columbia in the case of Medicaid, and to review patient charts and other information in the case of Medicare.

In total, CBO estimates that requiring that agencies account for the more than $15 billion in annual drug control spending estimated by the Administration would increase costs at the roughly 50 agencies and bureaus by at least $200 million over the 1999-2002 period (an average of at least $50 million a year), with the potential that costs could be significantly greater. Assuming that agencies interpret the language as requiring an audit by their inspectors general, CBO estimates annual audit expenses alone would increase by between $10 million and $20 million.

H.R. 2610 would require agencies to report the authenticated information each February, beginning in fiscal year 1998. CBO expects, however, that the earliest that agencies could provide a detailed accounting would be fiscal year 1999. (For fiscal year 1998, we expect that agencies would report essentially the same information that they reported in fiscal year 1997.) CBO expects the act would require agencies to track and audit drug control expenditures that cross multiple programs and functions.

Semiannual Progress Reports

H.R. 2610 would require each agency with a drug treatment or prevention program to submit semiannual reports to ONDCP evaluating its progress in achieving the goals set by it and ONDCP for its drug control program. As part of the Administration's efforts to assess the government's performance under the National Drug Control Strategy, ONDCP already is requiring that agencies begin reporting annually to it on the effectiveness of its efforts using the goals and performance measures developed by the interagency working groups. H.R. 2610 would require that agencies file a second report with ONDCP each year. Because most surveys and collected data used by agencies in assessing drug control efforts are released annually, CBO expects that agencies would largely report the same information twice. In that case, the costs of implementing this provision would not be significant. If agencies, instead, sought new forms of data or increased the frequency that current forms of data were reported, the costs of implementing the provision could be high. For instance, DHHS reports that it spent roughly $25 million in fiscal year 1997 on contracts and in-house costs to perform four of the major surveys that provide data used by ONDCP and other federal agencies.

Reauthorization of ONDCP

H.R. 2610 would authorize such sums as necessary to operate ONDCP through fiscal year 1999. (ONDCP's authorization expired at the end of fiscal year 1997.) For fiscal year 1999, CBO assumes the Congress would appropriate the same amount to ONDCP as it did for fiscal year 1998. (Public Law 105-61, signed into law on October 10, 1997, appropriated $35,016,000 to the office for fiscal year 1998.) If, instead, the Congress were to adjust the amount appropriated to ONDCP for 1999 to reflect anticipated inflation, the estimated authorization level would be $36 million.

New Deputy Directors

The act also would increase the number of deputy directors within ONDCP from two to five, establishing positions for Drug Control Policy, State and Local Policy, and Intelligence. According to ONDCP, individuals already perform these duties. The legislation would elevate the stature of these positions and require that the President appoint and the Senate confirm individuals for each post. Additionally, H.R. 2610 would increase the amount of pay for each position relative to current law. In total, CBO estimates that adding the deputy directors would increase annual salary and benefit expenses at ONDCP by less than $50,000.

New ONDCP Responsibilities

H.R. 2610 would require that ONDCP establish governmentwide policies, goals, and performance measures to achieve the act's targets for reducing unlawful drug use through 2001. Over the past year, ONDCP has coordinated the efforts of a number of interagency working groups tasked with producing a comprehensive set of policies, goals, and performance measures related to the National Drug Control Strategy. H.R. 2610 would supersede this work and specify that ONDCP develop policies, goals, and performance measures to implement the legislation's targets for reducing illegal drug use through 2001. For instance, the act would establish a target that unlawful drug use be reduced from the current estimated 6.1 percent of the United States population to 3 percent by 2001.

CBO assumes that ONDCP would not reconvene the agency working groups to implement this provision. In addition, H.R. 2610 would not provide the drug control program agencies with any new funding to meet the legislation's goals. Thus, CBO expects that ONDCP would continue its ongoing task of coordinating the government's drug control efforts, and that the establishment of statutory goals would impose no significant cost on the office.

The act also would require ONDCP to file several new reports with the Congress. In some cases, ONDCP would be required to compile and forward information submitted to it by the federal drug control agencies. In other cases, ONDCP would report information it already collects. Consequently, CBO estimates that these new reporting requirements would have no significant costs for ONDCP.

PAY-AS-YOU-GO CONSIDERATIONS: None.

ESTIMATED IMPACT ON STATE, LOCAL, AND TRIBAL GOVERNMENTS

H.R. 2610 contains an intergovernmental mandate as defined in UMRA because it would preempt laws prohibiting certain surveys of drug use among young people in the United States. CBO estimates that complying with this mandate would result in no costs to state, local, or tribal governments.

ESTIMATED IMPACT ON THE PRIVATE SECTOR

H.R. 2610 contains no private-sector mandates as defined in UMRA.

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