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THE WHITE HOUSE
WASHINGTON

OMB recommends against

Justice

VA

DOD

all of the above recommend
disapproval.

P



RECEIVED

JUL 29 1976

CENTRAL FILES

Jim Cannon
LOC NO.:
Jule

Date: March 15

Time: 600pm

FOR ACTION: Rogers C.B. Morton
Jack Marsh
Robert Hartmann
Dick Parsons
Max Friedersdorf
Ken Lazarus

NSC/S
Steve McConahey

cc (for information): Jim Cavanaugh
Ed Schmults

FROM THE STAFF SECRETARY

DUE: Date: March 16

1976

Time:

500pm

SUBJECT:

S. 2017 - Amendments to the Drug Abuse
Office and Treatment Act of 1972



ACTION REQUESTED:

- For Necessary Action
- For Your Recommendations
- Prepare Agenda and Brief
- Draft Reply
- For Your Comments
- Draft Remarks

REMARKS:

Please return to Judy Johnston, Ground Floor West Wing

PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.

If you have any questions or if you anticipate a delay in submitting the required material, please telephone the Staff Secretary immediately.

James M. Cannon
For the President



EXECUTIVE OFFICE OF THE PRESIDENT
 OFFICE OF MANAGEMENT AND BUDGET
 WASHINGTON, D.C. 20503

MAR 15 1976

MEMORANDUM FOR THE PRESIDENT

Subject: Enrolled Bill S. 2017 - Amendments to the Drug Abuse
 Office and Treatment Act of 1972
 Sponsor - Sen. Hathaway (D) Maine and 6 others

Last Day for Action

March 20, 1976 - Saturday

Purpose

To reestablish a special program coordination office for drug abuse in the Executive Office of the President, extend appropriation authorizations for certain programs of the National Institute on Drug Abuse, and make other changes in the Drug Abuse Office and Treatment Act of 1972.



Agency Recommendations

Office of Management and Budget	Disapproval (Veto message attached)
Department of Justice	Disapproval
Veterans Administration	Disapproval
Department of Defense	Disapproval
Department of Labor	No objection
Department of the Treasury	No objection
Central Intelligence Agency	No objection
Department of Health, Education, and Welfare	Approval
Civil Service Commission	Approval
Department of Agriculture	Defer to HEW
Department of the Interior	Defer to HEW
Department of State	No comment
Advisory Commission on Intergovern- mental Relations	No comment

Discussion

S. 2017 would amend P.L. 92-255, the Drug Abuse Office and Treatment Act of 1972, to

- recreate in the Executive Office of the President a special office for Federal drug abuse policy development and coordination, the Office for Drug Abuse Policy; and
- extend appropriation authorizations for drug abuse prevention and treatment programs administered by the National Institute on Drug Abuse (NIDA) in HEW and authorize a new program of pharmacological research.

The major issue presented is whether the creation of the new Office warrants disapproval of the bill.

Office of Drug Abuse Policy

S. 2017 would establish in the Executive Office an Office of Drug Abuse Policy (ODAP) as a replacement for the Special Action Office for Drug Abuse Prevention (SAODAP), which terminated June 30, 1975. ODAP would function as a special staff office to advise the President on drug abuse matters; recommend Federal policy, program priorities, and objectives; and coordinate and evaluate all Federal activities dealing with the prevention and treatment of drug abuse and the enforcement of drug laws. ODAP would also recommend changes in the organization, management, and personnel of Federal agencies responsible for drug abuse functions. The Director at Level III of the Executive Schedule and Deputy Director at Level IV would be appointed by the President with Senate confirmation. The bill would authorize \$700,000 for 1976, \$500,000 for the transition quarter and \$2 million in both 1977 and 1978 for the expenses of the Office.

These authorities are similar to those formerly vested in SAODAP. Unlike SAODAP, however, ODAP would have oversight authority regarding Federal drug abuse law enforcement as well as programs for prevention and treatment, and its functions would be limited to policy direction and program coordination. The new Office would not have specific authority, as did SAODAP, to make recommendations on budget requests of Federal agencies.





HEW Drug Abuse Project and Formula Grants

S. 2017 would:

- authorize appropriations for NIDA's formula grants to States for drug abuse prevention for 1976 through 1978 at an annual level of \$45 million and \$11 million for the transition quarter. This compares to your budget requests for \$35 million in 1976 and 1977 and no funds for the transition quarter.
- authorize appropriations for NIDA's drug abuse services project grants and contracts for 1976 through 1978 at an annual level of \$160 million and \$40 million for the transition quarter. This compares to your budget requests of \$126 million for 1976, \$146 million for 1977 and \$14.6 million for the transition quarter. (Currently, this program is operating on a 1976 continuing resolution level which is \$17 million below your request of \$126 million.)
- authorize a new categorical program for drug related pharmacological research in NIDA for 1976 through 1978 at an annual level of \$7 million and \$1.75 million for the transition quarter.

The Administration proposed an extension of the authorizations for NIDA's formula and project grants but it opposed the pharmacological research program because it would duplicate existing HEW authorities; an adequate research program is already being conducted by NIDA and other Federal agencies, and the 1977 budget includes \$34 million for drug abuse research in NIDA, including \$4.1 million for pharmacological research.

Other Provisions

The enrolled bill would also:

- direct NIDA to coordinate Federal drug abuse prevention activities with State and local programs and provide them with technical assistance and other support activities.
- reestablish the defunct SAODAP National Advisory Council and repeal similar authority for an existing HEW advisory body.

- Prohibit discrimination in admissions and treatment against drug abusers with medical problems by hospitals receiving Federal funds. The Secretary of HEW would be directed to issue regulations to effect that policy, and the Veterans Administration would be directed to prescribe regulations applying the HEW regulations to VA hospitals, nursing homes, domiciliaries, and other medical services for drug abusing veterans.



Administration Position

The Administration over the last two years has consistently opposed legislation to create a special drug abuse office in the Executive Office to replace SAODAP. Your 1976 Budget, which proposed the termination of SAODAP, stated:

"A separate agency for drug abuse prevention in the Executive Office of the President is no longer necessary since the major policy and coordination issues in drug abuse prevention have been resolved."

Because of concerns that the drug abuse problem was again worsening and the congressional desire to extend the Special Action Office, last May you directed the Domestic Council to conduct a review of all Federal drug abuse programs and to make recommendations for improving the management and coordination of all Federal drug abuse activities. The resulting White Paper on Drug Abuse, whose organizational recommendations you endorsed in December, recommended the following approaches to coordination of Federal drug abuse policy and programs:

- creation of a new Cabinet Committee on Drug Abuse Prevention to be chaired by the Secretary of Health, Education, and Welfare;
- continuation of the Drug Enforcement Administration in Justice as the lead agency for law enforcement and regulatory programs;
- designation of the Assistant to the President for Domestic Affairs as Chairman of the Strategy Council on Drug Abuse, which would exercise government-wide oversight and coordination of drug abuse programs;
- expansion of the responsibilities of the Strategy Council on Drug Abuse to provide coordination between treatment and enforcement programs; and

-- continuation, for a transitional period, of a small Executive Office staff located in OMB to provide assistance to the White House staff, the Strategy Council, and OMB.

We understand that the formal announcement of the Strategy Council and the Cabinet Committee is to be made in your message on drug abuse now scheduled for early April.

Arguments for Approval

Congressional proponents of the bill contended that the organizational mechanisms recommended in the White Paper would lack sufficient influence and necessary public visibility and that a separate office headed by Presidential appointees is necessary to assure access on the part of Congress to the officials responsible for coordinating drug abuse activities. Because the new Office would have advisory and coordinating functions and would be limited to a \$2 million annual budget, it is further argued that it would not intrude upon existing drug abuse management responsibilities. HEW states in its views letter that, "The differences between the Administration approach and that taken in the bill seem to be more of form than of substance, and do not, in our judgment, provide a sufficient basis for the President to veto the entire bill." Finally, approval of the bill would be a positive Administration action in support of the fight against drug abuse and would provide high visibility for Administration efforts in this area.

Arguments for Disapproval

Establishment of ODAP would perpetuate a direct Executive Office drug abuse role when limited Executive Office support and coordination is necessary. Agencies with drug abuse responsibilities (NIDA -- community based drug abuse prevention; DEA -- enforcement; VA -- drug treatment for veterans; DOD -- worldwide treatment program for servicemen; LEAA -- State and local criminal justice system programs; and Bureau of Prisons -- treatment of prisoners) already have the management capacity and necessary authorities to implement drug abuse policies. With the implementation of the White Paper's recommendations and the continuing coordinating roles of the Domestic Council and OMB, a new unit in the Executive Office is unnecessary. Finally, the creation of ODAP would deny the President flexibility in organizing his staff resources in the Executive Office and increase pressure to give similar treatment to other specialized areas.

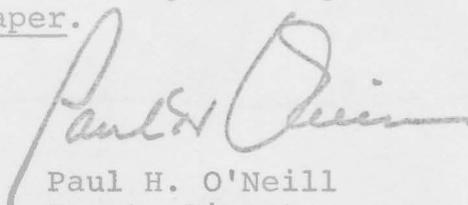


Recommendation

We recommend your disapproval of S. 2107 because of its establishment of ODAP. We believe you should oppose in principle congressional efforts to add by statute special advocacy offices to the Executive Office of the President particularly when mechanisms already exist to perform the proposed functions.

In this connection, we would note that while the House version of the bill passed by 382 to 11, a motion to eliminate the proposed Office of Drug Abuse Policy was rejected by a 237 to 167 vote. The conference report was adopted by voice votes in both Houses.

A draft veto message is attached for your consideration. In order to show forceful and timely action by the Administration to assure continuing attention to the problems of drug abuse at the Executive Office level, and thereby improve the chances that a veto will be sustained, we recommend that you use this veto message rather than the scheduled April drug abuse message to announce your actions in implementing the organizational recommendations in the White Paper.



Paul H. O'Neill
Deputy Director

Enclosures



TO THE SENATE OF THE UNITED STATES

I return herewith, without my approval, S. 2017, a bill "to amend the Drug Abuse Office and Treatment Act of 1972 and for other purposes."



S. 2017 would authorize appropriations that are essential to continue important drug abuse prevention and treatment programs of the National Institute on Drug Abuse in the Department of Health, Education, and Welfare.

I am disapproving S. 2017, however, because it would create an unneeded, duplicative Federal agency in the Executive Office of the President. Since I became President, I have been striving to reduce the size of the White House office and the Executive Office of the President and, in the process, to strengthen the sense of responsibility and accountability of the Executive Departments and agencies. This bill would have us move in the opposite direction, creating an agency where none is needed, providing for a function that is already being performed; mandating that we hire more highly paid personnel, including a director of the new agency at a salary of \$42,000 and a deputy director at \$39,900, accompanied by supporting staff and authorized to spend \$5 million of the taxpayers' money over the next three years.

There should be no doubt of my position on the need to prevent illegal trafficking in dangerous drugs and to provide treatment and rehabilitation of the victims of drug abuse. My Budget for fiscal year 1977 includes a total of \$778 million for a multifaceted attack on this serious national problem. Moreover, in December 1975, I approved the recommendations of the Domestic Council Drug Abuse Task Force for improving the coordination of Federal policies and programs in the drug abuse field. Those

recommendations make unnecessary the creation of a specialized agency in the Executive Office of the President to replace the Special Action Office for Drug Abuse Prevention, which terminated June 30, 1975.

In accordance with those recommendations, I intend shortly to:

- create a new Cabinet Committee on Drug Abuse Prevention to be chaired by the Secretary of Health, Education, and Welfare;
- designate the Assistant to the President for Domestic Affairs as Chairman of the Strategy Council on Drug Abuse; and
- expand the Council's responsibilities to provide coordination between treatment and enforcement programs.

Moreover, the Drug Enforcement Administration of the Department of Justice will continue as the lead agency for law enforcement and regulatory programs, and a small Executive Office staff located in the Office of Management and Budget will continue to provide assistance to the White House staff and the Strategy Council.

I cannot support the creation of a new agency that would require an additional \$5 million of taxpayers' funds over the next three years merely to do what is being accomplished under existing arrangements.

I urge the Congress to act promptly to enact the necessary authorizations of appropriations to continue the existing programs for drug abuse prevention and treatment conducted by the National Institute on Drug Abuse.



Department of Justice
Washington, D.C. 20530

March 12, 1976

Honorable James T. Lynn
Director, Office of Management
and Budget
Washington, D.C. 20503



Dear Mr. Lynn:

In compliance with your request, I have examined a facsimile of the enrolled bill S. 2017, "To amend the Drug Abuse Office and Treatment Act of 1972, and for other purposes."

S. 2017, would establish in the Executive Office of the President the Office of Drug Abuse Policy. This Office would be charged with the responsibility to coordinate the Federal drug abuse effort domestically and would represent the Federal Government on issues relating to drug abuse functions in discussions and negotiations of an international nature.

S. 2017 provides the Director of the Office with the authority to supervise the Federal drug abuse effort via establishment and review of policies, objectives, priorities and regulations of Federal drug abuse departments and agencies and to conduct evaluations of the performance and results of any such drug abuse functions by such departments and agencies.

In addition, the bill provides for the encouragement of research and development of certain drug abuse programs through contracts and grants; provide technical assistance to State and local agencies; provide for the admission of drug abusers to private and public hospitals; to provide for the submission of an annual report to the President and Congress on the activities of the Office; provide for timely notice to the Director relating to the control of dangerous drugs by the Attorney General and the Secretary of Health, Education and Welfare prior to initiating any

action or proceeding under 201(a) of the Controlled Substances Act; and an appropriate authorization.

The Department is not aware of any demonstrated need for the Office of Drug Abuse Policy as would be established by S. 2017 and accordingly is unable to recommend executive approval of this measure.

Sincerely,



Michael M. Uhlmann
Assistant Attorney General





VETERANS ADMINISTRATION
OFFICE OF THE ADMINISTRATOR OF VETERANS AFFAIRS
WASHINGTON, D.C. 20420



March 12, 1976

The Honorable
James T. Lynn
Director, Office of
Management and Budget
Washington, D. C. 20503



Dear Mr. Lynn:

This will respond to the request of the Assistant Director for Legislative Reference for the views of the Veterans Administration on an enrolled enactment of S. 2017, 94th Congress, a bill "To amend the Drug Abuse Office and Treatment Act of 1972, and for other purposes."

The subject act would provide for ongoing, and highly visible Federal leadership in the formation and execution of a comprehensive, coordinated drug abuse policy. It would establish in the Executive Office of the President an office to be known as the Office of Drug Abuse Policy. The Director of the Office would make recommendations to the President with respect to policies for objectives of, and establishment of priority for, Federal drug abuse functions. He would review the drug abuse functions of Federal agencies and evaluate these functions. The act provides that drug abusers who are suffering from medical conditions would not be discriminated against. Necessary regulations pertaining thereto would be promulgated. Technical assistance concerning drug abuse prevention functions would be provided to State and local agencies. Expanded research drug programs would be encouraged.

We do not believe the requirements that would be placed on the Veterans Administration by this act are necessary or desirable. Our mission to provide medical care to veterans as specified in title 38, United States Code, adequately accommodates the treatment of drug abuse and related



research. Initiatives under way, led by the Office of Management and Budget, are currently addressing the technical issues involved in increased information sharing between Federal agencies, a program for evaluation of drug abuse treatment outcome, and a program for improved collaboration between the courts, the penal system, and the health care system. In the face of this recent initiative, the bill risks adding even another layer of review and supervisory oversight between the level of clinical services and the Congress.

We believe the Veterans Administration should have, as an oversight responsibility, the right to evaluate its own performance of drug abuse functions. Under S. 2017, the Director of the Office of Drug Abuse Policy would conduct the evaluations of the Veterans Administration's performance of drug abuse functions. This is competitive with the Veterans Administration's own sizable and still increasing program for quality assurance. At best, the proposal would duplicate the Veterans Administration's program.

We fully support the policy of nondiscrimination in providing medical care to drug abusers; however, the requirement in this act that the Administrator of Veterans Affairs prescribe regulations for this purpose is unnecessary. In addition, the requirements for a full report (1) on regulations prescribed pursuant to section 407 (b) (2) of the act and (2) explaining the basis for any inconsistency between such regulations and regulations of the Secretary of Health, Education, and Welfare are excessive to the need for continuing liaison with, and input to, the appropriate Congressional Committees, (an activity strongly endorsed by and practiced by the VA) and are potentially aggravating to normal peer relations between Health, Education, and Welfare, and Veterans Administration. We believe the Veterans Administration should not be placed on the defensive when it operates within the mandate of its statutory authority.

For the reasons stated, I recommend that the President withhold his approval of S. 2017.

Sincerely,

Odell W. Vaughn

Deputy Administrator - in the absence of

RICHARD L. ROUDEBUSH
Administrator





GENERAL COUNSEL OF THE DEPARTMENT OF DEFENSE
WASHINGTON, D. C. 20301

March 11, 1976



Honorable James T. Lynn
Director, Office of Management
and Budget
Washington, D.C. 20503

Dear Mr. Lynn:

Reference is made to your request for the views of the Department of Defense with respect to the enrolled enactment of S. 2017, 94th Congress, an act "To amend the Drug Abuse Office and Treatment Act of 1972, and for other purposes."

The bill provides for the establishment of an Office of Drug Abuse Policy in the Executive Office of the President to perform federal drug abuse policy and coordination functions previously assigned to the Special Action Office for Drug Abuse Prevention. The bill also provides for authority for appropriation of funds to support drug abuse responsibilities of the National Institute on Drug Abuse.

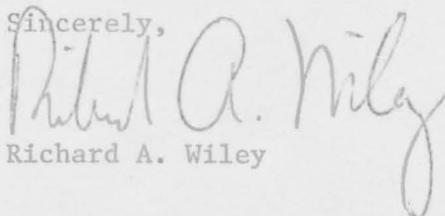
In lieu of the establishment of the Office for Drug Abuse Policy, the Department of Defense continues to support the recommendations of the White Paper on Drug Abuse of the Domestic Council Drug Abuse Task Force, dated 29 September 1975. This report, prepared by a Task Force of members from federal agencies with drug abuse control responsibilities, recognized the need for continued and improved coordination of federal drug abuse prevention activities. It recommended that this be accomplished through a new Cabinet Committee on Drug Abuse Prevention, chaired by the Secretary of Health, Education, and Welfare. This would lodge responsibility in appropriate Cabinet heads instead of creating or continuing a separate, central office in the Executive Office of the President.

With regard to those sections of the bill which provide for authority for appropriation of funds for functions of the National Institute on Drug Abuse, the Department of Defense defers to the views of the Secretary of Health, Education, and Welfare.

Cost and Budget Data

This bill would not have a direct budgetary impact on the Department of Defense.

Sincerely,


Richard A. Wiley



THE GENERAL COUNSEL OF THE TREASURY
WASHINGTON, D.C. 20220

MAR 11 1976



Director, Office of Management and Budget
Executive Office of the President
Washington, D.C. 20503

Attention: Assistant Director for Legislative
Reference

Sir:

Reference is made to your request for the views of this Department on the enrolled enactment of S. 2017, "To amend the Drug Abuse Office and Treatment Act of 1972, and for other purposes."

The enrolled enactment establishes an Office of Drug Abuse Policy (Office) in the Executive Office of the President for a three year period and amends certain provisions of the Drug Abuse Office and Treatment Act of 1972. The principal and fundamental role of the Office is to be an advisory one to the President, proposing Federal policies and priorities for both Federal drug law enforcement and prevention-treatment functions, and the coordination of those functions at all Federal levels. Consistent with that role, the Office would review agency regulations, guidelines, requirements, criteria, and procedures, and would conduct such evaluations of Federal agency performance in these areas as is necessary and appropriate. While Treasury questions the need for the creation of the new Office, it supports other provisions of the enactment which should strengthen the Government's ability to deal with any drug abuse problems.

The Department would have no objection to a recommendation that the enrolled enactment be approved by the President.

Sincerely yours,


General Counsel

CENTRAL INTELLIGENCE AGENCY
WASHINGTON, D.C. 20505

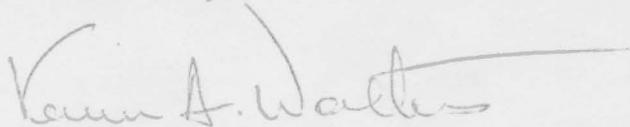
11 March 1976

Mr. James M. Frey
Assistant Director for Legislative Reference
Office of Management and Budget
Washington, D.C. 20503

Dear Mr. Frey:

This is in response to your request for comments on enrolled bill, S. 2017. Please be advised that this legislation would not adversely affect this Agency's responsibilities in the narcotics intelligence area. Therefore, we do not oppose Presidential approval of this bill.

Sincerely,



Vernon A. Walters
Lieutenant General, USA
Deputy Director





DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

The Honorable James T. Lynn
Director, Office of Management
and Budget
Washington, D. C. 20503

MAR 11 1976

Dear Mr. Lynn:

This is in response to your request of March 8, 1976, for a report on S. 2017, an enrolled bill "To amend the Drug Abuse Office and Treatment Act of 1972, and for other purposes."

In summary, we recommend that the President sign the enrolled bill, because the bill would extend, at levels very close to those proposed by the President, important programs in the area of drug abuse. Although we do not favor the enrolled bill's establishment of the Office of Drug Abuse Policy, we do not feel this is sufficient grounds to recommend that the President not approve the bill, due to the limited authority and budget the Office would have.

The enrolled bill would--

- establish the Office of Drug Abuse Policy (ODAP) within the Executive Office of the President to make policy recommendations concerning and coordinate Federal drug abuse functions, with an appropriation authorization of \$700 thousand for fiscal year 1976, \$500 thousand for the transition quarter (TQ), and \$2 million for each of the fiscal years 1977 and 1978,
- require Senate confirmation of the Director and Deputy Director of ODAP,
- prohibit hospitals receiving Federal funds from discriminating in admissions or treatment against persons who are dependent on or abusers of drugs who do not meet the requirement under the current discrimination provision of suffering from emergency medical conditions,

- extend the drug abuse formula grant authority for fiscal years 1976 through 1978 at an annual level of \$45 million (and one-fourth that amount for the TQ); the Budget request for each of the fiscal years 1976 and 1977, and the current level under the continuing resolution, is \$35 million,
- extend the drug abuse project grant authority for fiscal years 1976 through 1978 at an annual level of \$160 million (and one-fourth that amount for the TQ); the Budget request for fiscal year 1976 is \$126 million, for the TQ, \$12.1 million, and for fiscal year 1977, \$145 million; the current level under the continuing resolution is \$109 million, \$17 million less than the fiscal year 1976 Budget request,
- authorize the Director of the National Institute on Drug Abuse to provide technical assistance to State and local agencies, and
- direct the Director to support a specific research program concerning nonaddictive or less addictive substitutes for opium, long-lasting nonaddictive pharmacological substances for treatment of heroin addiction, and heroin detoxification agents, for which \$7 million annually would be authorized to be appropriated for fiscal years 1976 through 1978 (and one-fourth that amount for the TQ).

Although the enrolled bill would again statutorily establish an office concerned with drug abuse in the Executive Office of the President, the office would have only recommendatory and coordinating functions, and be limited to a \$2 million annual budget. We feel that such an office mandated by statute is unnecessary. However, the Administration has already proposed to provide for appropriate high-level policy advice, including the creation of a Cabinet Committee on Drug Abuse Prevention. The differences between the Administration approach and that taken in the bill seem to be more of form than of substance, and do not, in our judgment, provide a

sufficient basis for the President to veto the entire bill. Similarly, the \$7 million set-aside for one specific type of drug abuse research is not desirable, but is not so important as to suggest a veto.

The bill extends through fiscal year 1978 the drug abuse formula grant and project grant authorities which are vital in our efforts to cope with the nationwide problem of misuse of drugs. The authorization levels proposed are very close to those proposed by the Administration; the differences can be worked out through the appropriation process. Spending for fiscal year 1976 for project grants is restricted by the continuing resolution to a level \$17 million less than that considered necessary by the Administration simply to continue existing grants; enactment of the enrolled bill would permit the appropriation of these additional needed funds.

For these reasons, we recommend that the President approve the enrolled bill.

Sincerely,

Margaret Lynch

Under Secretary





UNITED STATES CIVIL SERVICE COMMISSION

WASHINGTON, D.C. 20415

CHAIRMAN

March 12, 1976

Honorable James T. Lynn
Director
Office of Management and Budget
Washington, D.C. 20503

Attention: Assistant Director for
Legislative Reference

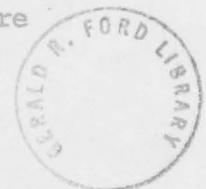
Dear Mr. Lynn:

This is in reply to your request for the Commission's views on Enrolled S. 2017, "To amend the Drug Abuse Office and Treatment Act of 1972, and for other purposes."

The bill would establish in the Executive Office of the President an office to be known as the Office of Drug Abuse Policy, which would replace the existing Special Action Office for Drug Abuse Prevention.

Our comments are limited to the personnel provisions. New section 202 provides for a Director to be appointed by the President, by and with the advice and consent of the Senate; section 203 provides for a Deputy Director to be appointed and confirmed in the same way. Section 209 provides for the Director to be compensated at level III of the Executive Schedule, and the Deputy to be compensated at level IV of the Executive Schedule. We believe these levels of compensation are appropriate. We note that there will be a change from the level II allocation provided for the Director of the existing Special Action Office for Drug Abuse Prevention.

Under section 205, employees of the Office of Drug Abuse Policy would be subject to the General Schedule classification and pay system. This is appropriate. Section 205 also provides that in addition to the usual number of supergrade positions allowed under 5 U.S.C. 5108, an additional four nonquota positions are to be allocated to the Office of Drug Abuse Policy. The Commission has on numerous occasions objected to legislation which added supergrade positions to the general pool by earmarking them for a specific agency rather than approving them for Government-wide distribution by the Civil Service Commission. It is also preferable that 5 U.S.C. 5108 be amended when such spaces are added.



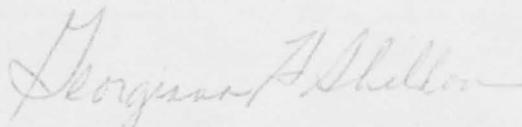
Section 206 provides for the employment of experts and consultants as authorized by 5 U.S.C. 3109 at a rate not in excess of the rate for GS-18. We agree with this. However, we do not agree with the provision in this section which allows the Director to employ at any one time up to six experts and consultants without any limitation on the number of days or periods of service. We see no reason for the exception to the statutory limitation of 1 year on the temporary services of experts and consultants.

Section 207 provides for the acceptance of voluntary and uncompensated services. We prefer language spelling out that personnel serving as volunteers will not be considered Federal employees except for injury compensation and tort claims.

Although we object to several of the personnel provisions, our objections are not such as to warrant a veto of this legislation. We therefore recommend the President sign Enrolled S. 2017.

By direction of the Commission:

Sincerely yours,



ACTING Chairman

DEPARTMENT OF AGRICULTURE
OFFICE OF THE SECRETARY
WASHINGTON, D. C. 20250

March 11, 1976

Honorable James T. Lynn
Director, Office of Management
and Budget
Washington, D.C. 20503

Dear Mr. Lynn:

In reply to the request of your office, the following report is submitted on the enrolled enactment of S. 2017, "To amend the Drug Abuse Office and Treatment Act of 1972, and for other purposes."

Since the Department of Agriculture is only involved in those proposed activities as described in section 13 of the Act, we will restrict our comments to that section only and defer to other concerned agencies for their comments on the remainder.

Section 13 of the Act charges the Director of the Office of Drug Abuse Policy "to encourage and promote (by grants, contracts, or otherwise) expanded research programs to create, develop, and test--

- "(1) synthetic analgesics, antitussives, and other drugs which are -
 - "(A) nonaddictive, or
 - "(B) less addictive than opium or its derivatives, to replace opium and its derivatives in medical use;
- "(2) long-lasting, nonaddictive blocking or antagonistic drugs or other pharmacological substances for treatment of heroin addiction; and
- "(3) detoxification agents which, when administered, will ease the physical effects of withdrawal from heroin addiction."

Paragraphs A and B of subsection 1 are, in essence, promoting development of synthetic codeine or codeine substitutes because in the United States at least 95% of the opium used in medicine is in the form of codeine and it is the preferred drug for treatment of intermediate levels of pain (analgesic) and for cough suppression (antitussive).

Subsections 2 and 3 are directed at drug abuse (heroin) therapy.

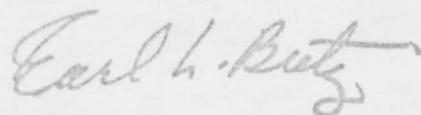
This section of the Act could have considerable impact on the research program of this Department aimed at developing Papaver bracteatum as an alternate source to the opium poppy of raw material for elaboration of codeine. Papaver bracteatum, unlike the opium poppy, does not produce the abuseable alkaloid morphine from which, by chemical conversion, we obtain codeine and also heroin. Papaver bracteatum produces only the alkaloid thebaine which can be chemically converted to codeine but only with great difficulty, and in low yields, to heroin. Thebaine is toxic so it cannot be abused. There are derivatives of thebaine which are highly potent analgesics and theoretically are subject to abuse. However, they are extremely difficult to make, and, in the opinion of drug abuse specialists, would not be drugs of choice on the street.

Some of the derivatives of thebaine, naloxone for one, are used as antagonists to heroin overdoses.

On the other hand, synthetic codeine may not be an unmixed blessing. At present the raw materials for codeine are plant derived and are controlled substances under international treaties and conventions and national laws. If eventually codeine can be totally synthesized from inexpensive, easily available starting materials which would not be controlled substances, then overproduction and diversion is a real threat. The synthetic psychotropic drugs, such as LSD, amphetamines, and barbiturates, have, among drugs manufactured in the United States, the worst record of abuse through diversion into illicit channels. Synthetic codeine may bring control liabilities which more than offset its benefits as compared with sources of natural codeine.

The concerns expressed have come to our attention as a result of our vegetative work. However, we defer to the National Institute for Drug Abuse, NIH, in this matter.

Sincerely,



Earl L. Bütz
Secretary





United States Department of the Interior

OFFICE OF THE SECRETARY
WASHINGTON, D.C. 20240

MAR 9 - 1976

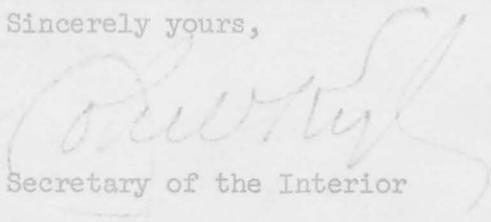
Dear Mr. Lynn:

This responds to your request for our views on the enrolled bill S. 2017, "To amend the Drug Abuse Office and Treatment Act of 1972, and for other purposes."

While we would have no objection to approval of the bill by the President, we defer to the views of the Department of Health, Education and Welfare and other more directly concerned agencies as to the advisability of such approval.

S. 2017 makes comprehensive amendments to the Drug Abuse Office and Treatment Act of 1972, including the establishment of an Office of Drug Abuse Policy in the Executive Office of the President.

Sincerely yours,



Assistant

Secretary of the Interior

Honorable James T. Lynn
Director, Office of
Management and Budget
Washington, D.C.





DEPARTMENT OF STATE

Washington, D.C. 20520

MAR 10 1976

Honorable James T. Lynn
Director, Office of
Management and Budget
Washington, D.C. 20503

Dear Mr. Lynn:

With reference to Mr. Frey's communication of
March 8, 1976, we have no comment to make on
the enclosed bill request (S.2017).

Sincerely,

Robert J. McCloskey
Robert J. McCloskey
Assistant Secretary for
Congressional Relations





ADVISORY
COMMISSION ON INTERGOVERNMENTAL RELATIONS
WASHINGTON, D.C. 20575

March 9, 1976

James M. Frey
Assistant Director
for Legislative Reference
Office of Management and Budget
Washington, D.C. 20503

Dear Mr. Frey:

This is in response to your Legislative Referral Memorandum of March 8, 1976, requesting the views of the Advisory Commission on Intergovernmental Relations on S. 2017, the enrolled bill "To amend the Drug Abuse Office and Treatment Act of 1972, and for other purposes."

The Advisory Commission on Intergovernmental Relations has not examined the issues involved, and from the standpoint of intergovernmental effects the Commission's staff has no opinion concerning the bill. Thank you for the opportunity to review and comment on this proposed measure.

Sincerely,

David B. Walker

David B. Walker
Assistant Director

DBW/lss





THE WASHINGTON POST *Thursday, March 18, 1976* A 29

Mexico Rejects 'Scapegoat' Role on Drugs

By Marlice Simons a major supplier for U.S. fields in all 10 of its drug- March "has largely been de- destroy the plantations by government spent close to

THE WHITE HOUSE
WASHINGTON

Cannon Eff
Drug
DECISION
Last Day for Action:
March 20, 1976

March 18, 1976

MEMORANDUM FOR THE PRESIDENT

FROM:

JIM CANNON *J.C.*

SUBJECT:

Enrolled Bill S. 2017 -- Amendments to the
Drug Abuse Office and Treatment of 1972

This bill would amend the Drug Abuse Office and Treatment Act of 1972 to:

1. establish in the Executive Office of the President a special office for Federal drug abuse policy development and coordination -- the Office of Drug Abuse Policy; and
2. extend the appropriation authorizations for drug abuse prevention and treatment programs administered by the National Institute on Drug Abuse (NIDA) in the Department of Health, Education, and Welfare and authorize a new program of pharmacological research.

OMB recommends a veto because the bill would mandate in the Executive Office an Office of Drug Abuse Policy that is both unnecessary and costly.

Justice, VA and Defense agree with OMB in recommending a veto.

HEW and the Civil Service Commission recommend approval.

SENIOR STAFF RECOMMENDATIONS:

I agree with OMB that we do not need the proposed Office of Drug Abuse Policy. The \$5 million proposed for ODAP for fiscal years 1976, 1977, and 1978 could be better spent on enforcement.

But a veto, at a time when we are trying to educate members of Congress on the dimension and seriousness of the drug problem, would in my judgment be counter-productive.

DECISION

There are three options:

1. Veto as recommended by OMB (Tab A). This option is supported by NSC. Sign veto message (Tab C)
2. Sign S. 2017 (Tab D) and issue brief comment (Tab E).

Approve _____ Disapprove _____

3. Sign S. 2017 (Tab D) with a statement indicating your intention not to seek an appropriation for the office. (Tab F)

This option is supported by Counsel's Office (Lazarus), Robert T. Hartmann, Jack Marsh, the Domestic Council and Max Friedersdorf.

Friedersdorf recommends approval because (1) this is the unanimous recommendation of Congressional leaders and (2) he does not believe we can sustain a veto. (Tab B)

Approve _____ Disapprove _____



MEMORANDUM

THE WHITE HOUSE

WASHINGTON

March 19, 1976

Hold

*Drug
Presentation*

MEMORANDUM FOR: Jim Cannon
FROM: Dick Parsons *D.*
SUBJECT: Testimony before Appropriations
Subcommittee

When Jim Lynn testified before Congressman Steed's subcommittee last Wednesday concerning OMB's budget, most of the questions he got dealt with Customs' budget. The thrust of the questions was: How can you cut Customs' budget and talk about a major effort against illicit drugs at the same time?

I expect you will receive similar treatment, so I have attached a background paper for your review. I have also attached a paper generally describing the President's 1977 drug budget.

Attachments



MEMORANDUM

THE WHITE HOUSE
WASHINGTON

March 19, 1976

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BACKGROUND CONCERNING CUSTOMS' BUDGET

The FY 1977 budget request for the U.S. Customs Service is \$324 million, an increase of \$5 million over FY 1976 and \$32 million over FY 1975. Since the increase does not entirely cover pay and other price increases, the FY 1977 budget reflects a modest reduction in real terms.

U. S. Customs Service (Excludes reimbursables)

	<u>1975</u>	<u>1976</u>	<u>1977</u>	<u>% Change</u>
BA (millions)	292.4	319.1	324.1	1.6%
O (millions)	298.5	337.7	322.5	(45)
Permanent Positions	13,438	13,453	13,131	(2.4)
Work years	13,076	13,255	12,936	(2.4)

The FY 1977 is approximately \$10.0 million below that level which would be needed to maintain current levels. OMB justifies the cut as follows:

	<u>Amount in Millions</u>	<u>Work Years</u>
Productivity increases	\$ 3.8	255
Reduction in:		
Equipment	3.7	--
Premium Pay	1.3	--
Cargo Security Program	1.0	67
Rounding	<u>.2</u>	<u>--</u>
 Total Reduction	 \$10.0	 322

Any reduction in Customs budget is usually severely criticized by the House Appropriations Subcommittee. The criticism usually is couched in terms of reflecting the Subcommittees' concern that adequate staff be provided for processing travellers and imports, to open new ports or expand hours of service, and to interdict drugs. However, the fact that Customs is one of the Committees' favorite agencies has at least as much to do with the criticism as any substantive reasons.

Chairman Steed was absent from this years appropriation hearing on Customs. However, a number of probing budget questions to be supplied for the record were asked by Mr. Addabo who chaired the hearing. Typical questions were:

"Will you be required to fire any personnel now on board?"

"Will you be required to reduce hours of service at existing ports?"

"Will you be required to close any ports of entry?"

In answering these questions Customs listed all the possible consequences of the \$10 million budget reduction. For example, Customs stated that:

- . "We believe it will be necessary to effect some reductions-in-force."
- . "We have tentatively identified 25-30 ports-of-entry where reduced hours of service may be necessary."
- . "(on closing ports-of-entry) "We will, of course take every measure to minimize the impact and insure the smallest number of persons are effected." Customs analysis ". . . indicates that at some 15 to 25 locations, primarily on the Canadian border and at selected in-land sites, curtail(ed) service or even the closing of the port will have minimum impact."

Other than these answers supplied for the record, the rest of the hearing went very smoothly. OMB's reasons (Seventy Issues) for the reductions were never made but neither was a good case made against the reductions. Customs Commissioner Acree generally supported the President's budget in testimony stating that Customs would do the best job possible with the resources available. The Committee members (present were Messrs. Addabo, Miller, Roybal, Sikes, Patten, McEwen) were most interested in drug interdiction and did not seem upset by the Customs budget request (of course, Chairman Steed was absent).

During the Subcommittee hearings on OMB's and the Domestic Council's budgets, we and Treasury expect that Chairman Steed will enumerate all the possible consequences, as supplied by Customs, of the \$10 million reduction. Specifically the following contentions are anticipated:

- . any cut in Customs is "penny-wise and pound-foolish" because Customs collects \$16 for every \$1 expended.
- . any cut in Customs will hamper Customs drug interdiction -- Customs has stated that "instead of an originally estimated 25% increase in seizures, we can expect a 10% decrease in seizures".
- . reductions are unrealistic because the number of travellers and imports are increasing.
- . OMB's contention about declines in workload from projected levels (Seventy Issues) is fallacious because Customs was never properly funded in the past.
- . reductions will delay travellers and importers, force the closing of ports, and generally decrease service to the public.

OMB rebuttals are that:

- No significant revenue loss will occur because little relationship exists between staffing and revenues.
 - Historically Customs staffing has increased by 8% annually from 1969-1975 while revenues in constant dollars decreased 8.1% annually (import deflator), (receipts increased 5.1% annually in unadjusted dollars); this inverse relationship indicates little relationship between staffing and revenue;
 - Duty rates and value of imports seem to be greater factors in producing revenues than staffing levels;
 - The erratic relationship between staffing and revenues must be borne in mind when dealing with such claims as a dollar spent in Customs earns \$16 in revenue. The \$16 to 1 relationship merely reflects a division of (1) total revenues received by Customs (mostly as a result of voluntary actions by law abiding citizens) by (2) the amount of appropriated funds spent by Customs. No data is available to show the revenues achieved solely as a result of enforcement efforts. Without such data, of course, it is impossible to judge the potential increase in revenue from an increase in enforcement activities.
 - The \$100 to \$125 million revenue loss which Customs attributes to the \$10 million cut (a relationship of 10-12 to 1) has the same problems as the 16 to 1 relationship. Namely that the estimates rests heavily upon the judgement of Customs managers instead of statistical analysis.
- A decline in drug seizures or a decrease in the drug effort should not be anticipated.
 - Added emphasis by the President, Domestic Council and Customs managers on the importance of drug interdiction should increase the drug effort and its effectiveness with the same or lower staff. A demonstration of the increase in seizures that can occur with the same staff level recently occurred during the first six months of FY1976.

	Six Months		
	FY1975	FY1976	% Change
Heroin (lb)	44	226	+414
Number of Seizures	194	249	+ 28
Cocain (lb)	383	386	- -
Number of Seizures	448	606	+ 35
Marihuana (lb)	233,583	304,299	+ 30
Number of Seizures	7,688	6,348	- 17



This rise is probably due to a combination of factors including emphasis upon drugs by the Administration. The size of Custom staff was not a factor because only 15 permanent positions (less than 2/10 of 1%) were added in Customs between 1975 and 1976 (work-years were also relatively stable).

- Customs efforts should be particularly sensitive to changes in emphasis because their employees split their time between various functions (eg. inspections for revenue, drugs, and other commodities). More emphasis upon drugs should result in more time spent by these employees upon drug interdiction.
- Reductions in the staff assigned to the law enforcement function (33 out of a total of 2,411 average positions), specifically the Custom Patrol Officers who patrol the border, were made only where Customs productivity gains would permit such reductions without an adverse effect on drug enforcement (OMB accepted the reductions recommended by Customs in this area but made no further staff cuts).
- Staff reductions are primarily related and due to the recent decline in workload requirements from those levels previously anticipated.
- Previous workload estimates assumed continuation of past increases in the number of travellers and formal entries which had been averaging 8% over the past 10 years. Over 1,000 additional average positions were added to handle this workload in 1975.
- The anticipated workload was not realized; instead 1975 workload declined from 1974 levels by 6% for formal import entries and 4% for travellers. While the number of travellers and import entries is expected to increase in 1977, they remain below that previously expected for 1975 and 1976. Staff can therefore be reduced without affecting normal service.
- The "catch-up" theory states that Customs was not adequately funded in past years in comparison with workload and needs to "catch up" in funding for these past deficiencies. If "catch up" was occurring, than the quality of processing would increase while the processing rate (number of travellers or formal entires per average position) would decrease. A review of processing rates from 1969-1974 (1975 was excluded because of the economic downturn) shows that catch up was not occurring in processing imports (formal entries)

since rates are stable; catch up was occurring in processing travellers since rates were less than half of previous levels. The rates proposed in the 1977 budget reflect these trends, thus taking account of the "catch up" theory in processing travellers:

- * The rate for travellers is 10% below 1974 (1974 was the lowest processing rate between 1969 and 1974.)
- * The rate for imports is equal to the lowest rate which occurred between 1969-1974;

-- We believe these rates are reasonable and avoid the error of using 1975, a year when staff increased and workload declined, as a base year.

FY '77

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Drug abuse is a tragic national problem which strikes at the heart of our national well-being. Counting narcotic-related crime, addicts' lost productivity, criminal justice system costs, and treatment and prevention programs as major items, estimates range from a conservative \$10 billion upwards to \$17 billion a year. In addition, the costs in terms of ruined lives, broken homes, and divided communities is incalculable.

Accordingly, the highest priority has been given to eliminating this threat over the past half decade, with total Federal expenditures growing from less than \$100 million to over three quarters of a billion dollars for a comprehensive program of prevention and treatment, law enforcement, and international control. Real progress was made, but by early 1975, it was clear that conditions were worsening and that gains of prior years were being eroded. For example, "street" availability of heroin measured by price and purity, was increasing. Waiting lists for treatment existed again, after almost having disappeared. Drug related deaths and drug related appearances in hospital emergency rooms were increasing. Drug related crimes were on the upsurge.

Deeply concerned about this evidence of increasing availability and use of drugs, President Ford directed a high priority review of the entire Federal effort in drug law enforcement, treatment and prevention, and international control. He asked for a frank assessment of the extent of the problem and for detailed recommendations for making the Federal program more effective. The President has endorsed the resulting White Paper on Drug Abuse, and the numerous Federal agencies and departments involved in the drug program are moving rapidly to implement its major recommendations for minimizing the adverse effects and social costs of drug abuse.

The President's FY 1977 budget requests sufficient funds to implement all of the white papers' major recommendations. For example, in line with white paper recommendations, additional resources are provided for:

- the growing problem of amphetamine and barbiturate abuse. The white paper concludes that chronic, intensive, and medically unsupervised use of amphetamines and barbiturates ranks just behind heroin abuse as a major social problem, affecting several hundred thousand Americans. To respond, the budget requests funds for treatment demonstrations for abusers of these substances, and provides 20 new positions within the Drug Enforcement Administration (DEA) for



Also, the President has taken steps which require congressional approval before they come into force. For example, he has proposed a mandatory minimum sentence for drug traffickers. He has urged Congress to ratify the Convention of Psychotropic Substances, so the United States can fulfill its obligation to other nations of the world to see that strong international controls exist for all drugs. Finally, the President has stated that he will shortly send to the Congress a comprehensive message on drug abuse establishing a framework for a broad government response to this critical problem.

DRUG ABUSE PREVENTION BUDGET
OBLIGATIONS IN \$ MILLION

DEMAND REDUCTION

	<u>FY 75</u>	<u>FY 76</u>	<u>FY 77</u>
SAODAP	13.0	0.0	0.0
HEW	-	-	-
- ADAMHA (NIDA & NIMH)	219.7	222.0	248.2
- Office of Education	4.0	2.0	0.0
- Social and Rehabilitation Serv	79.0	88.0	94.0
- Office of Human Development	8.8	8.8	9.4
Defense	64.0	61.3	57.8
Veterans Administration	34.8	36.7	38.0
Justice	26.6	26.4	24.3
All Other	8.2	9.9	10.5
	<u>458.1</u>	<u>455.1</u>	<u>482.2</u>

SUPPLY REDUCTION

Justice	-	-	-
- Drug Enforcement Administration	139.4	156.4	160.8
- LEAA and other Justice	62.2	43.6	40.9
Treasury	-	-	-
- Customs	39.1	43.2	43.4
- IRS	20.0	20.0	15.0
State	32.0	43.4	34.0
Other	1.9	2.1	2.1
	<u>294.6</u>	<u>208.7</u>	<u>296.2</u>
	<u>752.7</u>	<u>763.8</u>	<u>778.4</u>

strengthened regulatory and compliance activities aimed at preventing diversion of amphetamines and barbiturates from licit production;

- additional community treatment capacity. Funds are included for the National Institute on Drug Abuse (NIDA) to fund at least 7000 new community treatment slots and to recover 1000 lost to inflation, thus provided Federally-supported community-based capacity to treat 102,000 individuals at one time. In addition, other managerial actions will ensure greater utilization of existing community mental health institutions for drug users, and the treatment capacity of the Bureau of Prisons, the Veterans Administration, and the Department of Defense for their specialized clientele will be maintained;
- better targeting of law enforcement effort at high level traffickers. The Drug Enforcement Administration will add 82 positions for improved intelligence and laboratory analysis aimed at supporting the existing investigation and enforcement effort. In addition, research will be focused on improving our capability to monitor drug abuse trends, and on developing tools and techniques to improve the productivity of investigators and agents;
- improve job opportunities for ex-addicts. Additional funds are provided for a joint HEW/Labor program to investigate ways to provide employment opportunities for persons in and completing treatment, so that the distressing situation of returning to the same conditions which led to drug use can be avoided. In addition, other managerial actions should ensure improved application of our vocational rehabilitation services to drug users.

These specific budget increases are relatively modest because it was the unanimous conclusion of the task force which prepared the white paper that the most significant progress could be made in the drug program through (1) more selectivity and targeting in the use of the current \$750 million budget; (2) better intra- and inter-agency management; and (3) more effective mobilization, utilization, and coordination of all the resources available in the Federal Government, State and local governments, the private community and from foreign governments engaged in the world-wide effort to combat drug trafficking. In line with this concept, the budget provides for:



- . continued material and technical support for other nation's involved in the fight against drug trafficking and for the training of foreign narcotic agents;
- . continuation of the DEA Task Force Program which capitalizes on joint Federal and local efforts, and continued training and laboratory support for State and local officers;
- . a major multi-year program within the National Institute on Drug Abuse to evaluate the outcome of various types of treatment.

In addition to these budgetary actions, existing resources are being retargeted to focus law enforcement efforts on high level drug traffickers and to ensure that treatment is available to those individuals suffering most from drug abuse. Other actions underway should ensure increased interface between the treatment and criminal justice systems to assure that apprehended drug users are identified and provided opportunities for treatment. In the area of inter-agency coordination, officers of the Drug Enforcement Administration, the Immigration and Naturalization Service, and the U.S. Customs Service and their respective cabinet departments have prepared and signed joint "Memoranda of Understanding" identifying operating guidelines which should improve cooperation among them.

In the international area, the President has spoken personally to Presidents Echeverria of Mexico and Lopez-Michelsen of Columbia and with Prime Minister Demirel of Turkey in an effort to strengthen cooperation among all nations involved in the fight against illicit drug traffic. Attorney General Levi has recently discussed mutual drug control problems with the Attorney General of Mexico, and the President has directed Secretary of State Kissinger to express to the Mexican government his personal concern that we explore opportunities for improved control.

The President has also directed the Domestic Council Drug Abuse Task Force which prepared the white paper to reconvene and prepare recommendations for improving our ability to control drug trafficking along the southwest border.

THE WASHINGTON POST

A 24 *Full* Friday, March 19, 1976 *Drugs*

Full *Drugs*
Calif. Aide:

***Allow Use
Of Heroin***

By John Berthelsen
Special to The Washington Post