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## ONDCP's First Four Years as a Policy Agency

Peter Reuter *RAND* 

Jonathan Caulkins *RAND* 

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## CONGRESSIONAL TESTIMONY



# ONDCP's First Four Years as a Policy Agency

Peter Reuter Jonathan Caulkins

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### ONDCP's First Four Years as a Policy Agency

#### **Testimony before the House Committee on Government Operations**

October 5, 1993

Peter Reuter\*

#### Jonathan Caulkins\*\*

We are grateful for the opportunity to testify before the Committee on ONDCP's performance as a policy management agency. We should start by identifying a potential conflict of interest. RAND does some research under contract to ONDCP and we both have roles in that research. To avoid conflict of interest, our testimony will be limited to ONDCP's performance in its first four years, before the current Director was appointed.

#### Summary

The impulse to create ONDCP was primarily the friction among federal agencies involved in controlling illicit drugs. A secondary goal was to give federal drug control a clear and reasoned policy direction. In effect these were complementary tactical and strategic goals. We will only address ONDCP's performance in its strategic role.

The office succeeded in identifying tangible goals and outlining a broad national policy or strategy. Opinions may differ as to the wisdom of those goals and/or the overall policy, but what is less debatable, and more discouraging, is that the goals and policy are decoupled. Little suggests that ONDCP systematically evaluated a wide range of possible strategies and selected the one best able to achieve the stated goals. Hence, it remains impossible to make an informed judgement about the

<sup>\*</sup> Co-Director of the Drug Policy Research Center at RAND and Professor of Public Affairs and of Criminology at the University of Maryland. The views expressed here are not necessarily those of RAND or its sponsors.

<sup>\*\*</sup> Assistant Professor, Heinz School of Public Policy, Carnegie-Mellon University and Drug Policy Research Center, RAND.

appropriateness of budget allocations among different functions (e.g., treatment vs. prevention, interdiction vs. domestic investigation).

The situation is no better when one moves from broad policy formulation down to program management. ONDCP has not identified meaningful performance measures for individual agencies or functional areas. As a result, it is impossible to judge how well various agencies have performed within given functional areas (e.g., Customs vs. Coast Guard as interdiction agencies). Nor was enough done to relate agency performance to the achievement of the *Strategy's* goals. In fairness it should be noted that the task of providing convincing and feasible measures of effectiveness is an exceedingly difficult one, and there was nothing available "off the shelf" for that purpose. However, ONDCP appears to have done little to fill this gap in its first four years.

Policy formulation and management require data and analysis. The office did sponsor some important analytic research. Examples include Abt's pioneering effort to estimate total expenditures on illicit drugs¹ and BOTEC's integration of heroin indicators to assess the likelihood of a new epidemic.² It also did try to improve federal data collection and analysis (an area in which RAND is providing the Office with some research). However ONDCP did not succeed in noticeably improving the quality of data available for assessing problems or evaluating programs. The one change that was accomplished through ONDCP pressure, namely the massive increase in the National Household Survey sample, was clearly a mistaken investment. Major indicator data sets (e.g., STRIDE and DAWN) remained underutilized and essentially unavailable for outside analysis. The office failed to push for better integration of data sets, so that current indicators are hard to interpret collectively.

If ONDCP is to improve its performance as a policy manager it will have to make better use of its existing authorities with respect to budget review and the preparation of the annual *Strategy*. In both settings, agencies must be pressured to develop better performance measures so as to allow ONDCP to develop and justify a strategy that can be related to its goals.

<sup>&</sup>lt;sup>1</sup> What America's Users Spend on Illegal Drugs, 1991.

<sup>&</sup>lt;sup>2</sup> Heroin Situation Assessment Report, 1992.

Our detailed testimony covers three topics: policy formulation, management, and data collection and analysis.

#### **Policy Formulation**

When ONDCP was created at the end of 1988, federal drug strategy was a matter of images and political power. Images determined the general strategy, namely to punish dealers and to seize powder, and political power determined which agencies got the money for these activities, with Customs perhaps the most successful in expanding its share of the budgetary pot and the FBI not far behind. There was no agreement about goals or ways of measuring contributions to goals by program or agency. Indeed, there were no goals beyond the rhetorical, such as the "Drug Free America."

When the Bush administration left office the picture was not much changed. Goals had been established; not the ones we would have chosen but measurable and defensible goals nonetheless. But agencies continued to hawk their budgetary and statutory claims without any effort to establish how they contributed to the achievement of those goals. The goals did not in fact define a strategy. It is that which constitutes the central failure of ONDCP as a policy agency in its first four years.

By failing to tie goals to strategy, the office undermined its ability to guide fundamental decisions about how the federal government allocates its \$12 billion on drug control (a figure which is rather questionable itself<sup>3</sup>). Prevention, treatment and enforcement can all contribute to achieving most if not all of the ONDCP's stated goals but they are not all equally cost-effective for every goal. As the lead policy agency, ONDCP has a responsibility to give some account of what these expenditures have accomplished and why it has chosen a particular allocation. The tools for doing so did not exist when the office was formed, but ONDCP might have been expected in its first four years, with a relatively generous budget and substantial authority, to have pushed for the development of such tools, both with its own resources and with those of other agencies. It appears that it did not do so.

The disjunction between goals and strategy development also makes it essentially impossible to evaluate the national drug policy. It may be easy now to

<sup>&</sup>lt;sup>3</sup> This statement draws on Murphy, P., *Keeping Score: The Frailties of the Federal Drug Budget,* (RAND, forthcoming).

ascertain whether the stated goals have or have not been achieved but not why, let alone what to do about shortfalls. Many factors beyond the control of policy makers influence the measures with which ONDCP has defined its goals. Hence missing or meeting these goals is as much an indicator of good fortune as of good leadership.

#### **Program Management**

Even good policies are hollow without effective implementation and management. Although, as required by the authorizing legislation, the annual *Strategy* has provided a set of numeric goals, there is no evidence that it asked how they contribute to the attainment of those goals. For example, ONDCP does not ask how spending another \$100 million on source country control would reduce the fraction of persons using an illegal drug (Objective 1 of the first *Strategy*) or the imports of illicit drugs (Objective 7, later dropped because it could not be quantified). No doubt it would have received incoherent answers the first time it tried but by rewarding the most cooperative agencies, iteration and continuous improvement might well have led to development of more helpful performance measures.

Consider for example the investigative agencies, such as DEA and FBI. They produce drug seizures and arrests; ultimately hoping to make drugs more expensive and difficult to obtain. These two agencies have followed somewhat different strategies. The DEA has emphasized arrests of high level dealers, while the FBI has apparently given more emphasis to total arrests. Which is more appropriate and effective, given the federal enforcement role? In the recent discussion of the possible merger between the two organizations, more accurately described as a hostile takeover, it has been striking how little analysis was offered to support claims for the relative effectiveness of these two strategies. The lack of any measures to allow comparison must be marked down as one of ONDCP's failures.

The best indicator of the problem was the failure of ONDCP to systematically evaluate federal enforcement efforts, even though these consumed most of the federal drug control budget. This omission was more striking in light of the recurring call for careful evaluation of treatment programs, though these received only about one-sixth of the total funds. The first *Strategy* made the right start. After noting that treatment and prevention were being thoroughly evaluated, it went on to say: "The majority of Federal resources are spent on supply reduction activities. In law enforcement, interdiction and international efforts, we need to evaluate programs and measure actual results against

stated goals. But cross-tactical evaluations between these specific supply reduction activity and the primarily demand reduction efforts of prevention and treatment are also badly needed. Having these evaluation results will allow us to make more fine-tuned, carefully targeted policy choices among a mix of drug supply and demand reduction programs." (pg. 84)

No such systematic evaluation has yet emerged. We should note that colleagues at RAND, working under ONDCP auspices, have been modeling treatment-enforcement tradeoffs for cocaine but these, or similar efforts, need to be extended to cover prevention, other drugs, user sanctions, etc.

In the absence of such guidance, the default strategy has been to "attack on all fronts" by doing as much of everything as was politically possible. In the crisis atmosphere of 1989 such an approach could possibly be justified. But drug problems, though still substantial, no longer appear a threat to civilization as we know it. Choices have to be made. It is unlikely that 1989's mix of programs and laws is still appropriate, given the diminution of concerns about an epidemic of new drug use. In its first four years ONDCP evidenced little willingness to make any noticeable changes in policy direction. Consistency is an admirable managerial quality; failure to adapt to changes is quite a different matter.

#### **Data Quality and Analysis**

Sensible policy formulation and management require data and analysis. The quality of data available to Congress and policy makers has been a cause of concern for many years; the quality of analysis should have been. The major indicators, such as the Drug Abuse Warning Network and the National Household Survey, have been heavily criticized, the first for the accuracy of the data it collects, the second for the populations it misses. Yet good analysis can squeeze information out of even poor data and the information locked in these data is critically important because drug abuse is an epidemic phenomenon. Prevalence and trends in prevalence today should guide strategic decisions about tomorrow. For example, whether the federal government should shift resources from cocaine toward heroin is very much a function of how we project the future of abuse of these two drugs. Analysis is what turns data into policy-relevant information.

For the obvious reason that drug use is illegal and stigmatized, measures of abuse and its consequences are hard to obtain. The precision of unemployment

measures or school graduation rates is not going to be attained. Yet there is no doubt that better indicators could be developed, that the existing indicators could be better analyzed and that such indicators and analysis would facilitate federal decision making. Given its cross-cutting responsibilities, ONDCP should have viewed itself as the principal catalyst for achieving improvements in these areas. It certainly failed to achieve significant improvement.

Consider STRIDE (System to Retrieve Information from Drug Evidence), which provides data on all purchases and seizures analyzed by DEA laboratories. For the undercover purchases STRIDE includes the quantity, purity and price paid for the drug. Since price increases are conventionally regarded as a principal indicator of the short-term success of enforcement efforts, and STRIDE is the only national system that collects price data, investigating the quality of data collection and improving the analysis and presentation of the data should be a high priority. Yet DEA continues to publish the crudest possible statistics on prices, presenting price ranges so broad that it is impossible to tell whether prices have increased or fallen from quarter to quarter to year to year. For example, the national price range reported in 1988 for one gram of cocaine was \$50-\$120. In 1990 this had become \$35-\$175, which made it difficult to tell whether prices had risen or fallen. Discussions with officials suggest that the agency reports the highest and lowest recorded figures and makes no effort to use standard statistical practices, e.g., reporting the interquartile range (i.e., the 75th and 25th percentiles) would greatly increase the information provided.

ONDCP, to its credit, did encourage some analyses of STRIDE data. Caulkins has, partly with ONDCP funding, written a number of papers on the reporting and analysis of price data.<sup>4</sup> Abt Associates, under ONDCP auspices, analyzed the relationship between prices and DAWN,<sup>5</sup> finding a surprisingly strong relationship, thus suggesting that if enforcement could increase the price of a drug it would indeed reduce the number of ER episodes involving that drug. However, ONDCP did not change DEA's reporting practices, so that published price series continue to be as uninformative as they were before 1989.

<sup>&</sup>lt;sup>4</sup> Caulkins, J., and R. Padman, "Quantity Discounts and Quality Premia for Illicit Drugs," *J. American Statistical Association*, Vol. 88, No. 423, 1993, pp. 748-757.

<sup>&</sup>lt;sup>5</sup> Hyatt, R, and W. Rhodes, "Price and Purity of Cocaine: The Relationship to Emergency Room Visits and Deaths, and to Drug Use Among Arrestees," *J. of Statistical Medicine*, forthcoming.

The one change in data collection accomplished by ONDCP was the massive expansion of the sample in the National Household Survey on Drug Abuse (NHSDA), from less than 10,000 respondents in 1988 to over 30,000 in 1992 and the move to an annual rather than biannual survey. ONDCP claimed that the increase was necessary to develop more precise estimates of the number of frequent users of expensive drugs, primarily cocaine. The survey now has an annual cost of over \$10 million per annum and consumes a large share of the total indicator collection budget. The expansion was accomplished against the advice of the expert community<sup>6</sup> and has in fact not materially improved the quality of our estimates of the number of frequent drug users, simply because the weakness of those estimates comes more from selective reporting and omitted populations than from sampling variance. The move to an annual survey has had no useful consequence, in large part because ONDCP's policy choices cannot be related to movements in the NHSDA.

Other indicators remain problematic. Consider DAWN, the system that reports data from a sample of Emergency Rooms (ER) and Medical Examiners. The system dates back to 1972 and has been changed relatively little over that time period. In the mid-1980s certain questions were added to the form, providing important data about the reasons the individual used the drugs (e.g., dependence rather than psychoactive effects) and entered the ER (seeking detoxification or to deal with acute effects). In 1989 the sample was refined so as to allow estimates of the number of ER episodes involving particular drugs, nationally and for certain metropolitan areas. But the basic data collection procedures, which have been widely and persuasively criticized, have not changed. For example, a number of studies have found that the DAWN system missed many, if not most, trauma cases involving drugs.<sup>7</sup>

DAWN's primary policy role, as evidenced by Objective 6 of the *Strategy*, has been as a measure of trends in the size of the heavy user population. It is ill-suited for that role; drug-related ER admissions are also driven by the availability of treatment and the age and general health of the drug dependent population as well as by changes in the size of that population. Perhaps more refined analyses of the data, looking for

<sup>&</sup>lt;sup>6</sup> See for example Haaga, J., and P. Reuter (eds.), *Improving Data for Federal Drug Policy Decisions*, Santa Monica CA, RAND, 1990.

<sup>&</sup>lt;sup>7</sup> See e.g., Brookoff, et al., "The Underreporting of Cocaine Related Trauma: Drug Abuse Warning Network Reports vs. Hospital Toxicology Tests," *American J. Public Health*, March 1993, Vol. 83, No. 3, pp. 369-371.

example at the motives for entering the ER or reasons for using drugs, would help illuminate its value in the indicator role, but NIDA, the sponsoring agency for the first four years,<sup>8</sup> neither conducted such analyses itself nor made the data available to outside analysts for that purpose.

In summary, ONDCP was assigned a difficult policy management task. It responded by formulating a coherent but unevaluated and inflexible set of goals. The strategy selected to pursue those goals was not subjected to systematic cost-effective analysis, and the data and analysis capability necessary to perform such analyses, though improved, were not advanced sufficiently.

Thank you again for giving us the opportunity to present our views.

<sup>&</sup>lt;sup>8</sup> Responsibility for the survey shifted in October 1992 to the newly formed Substance Abuse and Mental Health Services Administration.

		J.	