



FY 2008 PERFORMANCE BUDGET

DRUG ENFORCEMENT ADMINISTRATION

**Congressional Budget Submission**

**U.S. Department of Justice**



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## **I. Overview for the Drug Enforcement Administration**

### **1. Introduction**

For FY 2008, the Drug Enforcement Administration (DEA) is requesting 8,791 positions (including 3,744 Special Agents), 8,692 Full-Time Equivalents (FTE),<sup>1</sup> and \$2,041,818,000 to reduce the drug availability in the United States and assist in countering the threats to the nation, and support the U.S. Department of Justice's (DOJ) Strategic Goal II, "Enforce Federal Laws and Represent the Rights and Interests of the American People," Strategic Objective 2.2, "Reduce the threat, trafficking, use and related violence of illegal drugs", and Strategic Goal I, "Protect America Against the Threat of Terrorism," Strategic Objective 1.1, "Prevent, disrupt, and defeat terrorist operations before they occur." This request includes 7,604 positions (including 3,673 Special Agents), 7,516 FTE, and \$1,802,569,000 for the Salaries and Expenses Account; and, 1,187 positions (including 71 Special Agents), 1,176 FTE, and \$239,249,000 for the Diversion Control Fee Account (DCFA). The FY 2008 request represents a reduction of 519 positions (including 322 Special Agents) and 481 FTE and an increase of \$109,533,000 above the FY 2007 President's Budget request of 9,310 positions (including 4,066 Special Agents), 9,173 FTE, and \$1,932,285,000. Of the requested position and FTE reductions, 466 positions and 466 FTE (including 244 Special Agents) are unfunded. Beginning in FY 2007, electronic copies of the Department of Justice's congressional budget justifications and Capital Asset Plan and Business Case exhibits can be viewed or downloaded from the Internet at: <http://www.usdoj.gov/jmd/2008justification/>.

DEA's FY 2008 budget request was developed with the goal of providing the critical resources necessary to reduce the availability of illicit drugs and the diversion of licit drugs and precursor chemicals in America. This is achieved by disrupting<sup>2</sup> or dismantling<sup>3</sup> significant drug trafficking and money laundering organizations, attacking the economic basis of the drug trade, and contributing to counterterrorism efforts. Specifically, the resources will be used for: 1) Attacking poly-drug trafficking organizations (DTOs) located along the Southwest Border (SWB) and combating the flow of methamphetamine entering the United States from Mexico; 2) enhancing DEA's intelligence support for counterterrorism by providing secure IT infrastructure to channel Intelligence Community (IC) requests to DEA Intelligence Analysts and Special Agents world-wide, and 3) combating drug trafficking activity occurring over the Internet.

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<sup>1</sup> FTE amount does not include an anticipated 1,448 reimbursable FTE (including 1,067 Special Agents) for FY 2008.

<sup>2</sup> A disruption occurs when the normal and effective operation of a targeted organization is impeded, as indicated by changes in organizational leadership and/or changes in methods of operation, including financing, trafficking patterns, communications, or drug production.

<sup>3</sup> A dismantlement occurs when the organization's leadership, financial base, and supply network are destroyed, such that the organization is incapable of operating and/or reconstituting itself.

## FY 2008 S&E Enhancements by Strategic Goal

<b>Strategic Goal</b>	<b>Item</b>	<b>Dollars</b>	<b>Pos</b>	<b>Agent</b>	<b>FTE</b>
2.1	Southwest Border and Methamphetamine Enforcement	\$29,172,000	8	0	4
2.1	Counterterrorism and Intelligence Sharing	7,124,000	7	1	4
2.1	Online Investigations	3,020,000	0	0	0
<b>Total</b>		<b>\$39,316,000</b>	<b>15</b>	<b>1</b>	<b>8</b>

## 2. Background

### Strategic and Mission Focus

The President and the Attorney General have implemented national strategies to reduce the use and availability of illicit drugs in America. DOJ's FY 2003–FY 2008 Strategic Plan and Domestic Drug Enforcement Strategy support the President's goal of reducing illegal drug use in America by implementing Priority III of the President's National Drug Control Strategy - Disrupting the Drug Market. Specifically, DOJ's goal is to reduce the drug supply in America by 10 percent by the end of FY 2008 by conducting coordinated, nationwide attacks on the entire infrastructure of the most significant drug trafficking and money laundering organizations responsible for supplying America's illicit drug market.

As the world's leading drug enforcement agency and the only single-mission federal agency dedicated to drug law enforcement, DEA plays a significant role in DOJ's Domestic Drug Enforcement Strategy. DEA supports DOJ's goal to reduce the drug supply in America by disrupting and dismantling international and domestic Priority Target Organizations (PTOs), assisting State and local agencies with drug enforcement, and reducing the diversion of licit drugs. The Organized Crime Drug Enforcement Task Force (OCDETF) also contributes to DOJ's Strategy to reduce the drug supply by targeting the 46 organizations on the FY 2007 Consolidated Priority Organization Target (CPOT) list – the "Most Wanted" drug trafficking and money laundering organizations believed to be primarily responsible for the Nation's illicit drug supply. By FY 2008, DOJ's goal is to dismantle 135 and disrupt 210 CPOT-linked drug trafficking organizations. DEA is a leading participant in the OCDETF program goal to disrupt or dismantle CPOTs and Regional Priority Organization Targets (RPOTs)<sup>4</sup> through multi-agency investigations. In FY 2006, DEA participated in approximately 88 percent of all OCDETF cases, and had the lead or co-lead in approximately 80 percent of OCDETF investigations.

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<sup>4</sup> RPOTs operate domestically and pose a major threat to a particular region(s) of the United States. The RPOT lists are created annually by the OCDETF member agencies as part of the regional strategic plans submitted by each of the nine OCDETF regions. The first RPOT lists for the nine OCDETF regions were developed in November 2002.

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*DEA's mission is to enforce the controlled substances laws and regulations of the United States and bring to the criminal and civil justice system of the United States, or any other competent jurisdiction, those organizations and principal members of organizations involved in the growing, manufacturing, or distribution of controlled substances appearing in or destined for illicit traffic in the United States; and to support non-enforcement programs aimed at reducing the availability of illicit controlled substances on the domestic and international markets.*

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## **Mission Successes**

### **A. Priority Targeting**

DEA's Priority Targeting program relies on intelligence to identify key drug supply organizations, coordinate drug enforcement investigations against all levels of the drug and money supply chain, and disrupt or dismantle drug trafficking organizations responsible for supplying illegal drugs in America. Classifying targets as CPOTs, RPOTs, and PTOs ensures that drug enforcement efforts are focused on the most important pressure points of the drug supply chain. This strategy maximizes DEA's use of human and financial resources through well coordinated, focused investigations that support effective prosecutions, reduce the overall number of active drug trafficking organizations, and incarcerate those who participate in illegal drug trafficking. The following results demonstrate this strategy's success:

- Prevented approximately 165 metric tons of cocaine from entering the United States through DEA's international cocaine interdiction programs in FY 2006.
- Maintained a dramatic reduction in the availability of LSD in the U.S. through aggressive law enforcement; there were significant declines in past year usage of LSD (from 1 million to 558,000, or 44 percent) between CY 2002 and CY 2003 - this decrease was maintained as of CY 2005 (563,000);
- Indicted 35 and arrested 17 of the 46 CPOTs<sup>5</sup>, the leaders of the most wanted international drug supply organizations;
- Indicted nine and arrested four of Colombia's North Valley Cartel leadership who have been responsible for a third to a half of the cocaine brought into this country – two of the four individuals arrested were CPOTs;
- Reduced the number of methamphetamine "super labs" in America, forcing large-scale producers to retreat into Mexico. Domestic super lab seizures have decreased by 75 percent between CY 2002 and CY 2005;<sup>6</sup>

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<sup>5</sup> While there are 46 CPOTs on the FY 2007 CPOT list, 48 individuals are included in the number of CPOTs as 2 targets are brothers.

<sup>6</sup> Information from El Paso Intelligence Center (EPIC) Clan Lab Seizure System (CLSS). The number of super labs seized in the U.S. has dropped from 143 in CY 2002, to 35 in CY 2005.

- Dismantled in FY 2005 the Brij Bansal drug trafficking organization that was responsible for illegally distributing through the Internet more than 2.5 million dosage units of pharmaceutical controlled substances per month;
- Initiated in FY 2006 more than 218 investigations involving the online sale of controlled substances without a prescription - DEA seized over \$4.9 million in cash, bank accounts, property, and computers in FY 2006 as a result of online investigations.

On August 16, 2006, Francisco Javier Arellano-Felix, one of the world's most violent drug criminals and a CPOT, was arrested off the coast of Mexico in a joint DEA-Coast Guard operation, and with the cooperation of the Government of Mexico. The Arellano-Felix organization is the largest and most violent drug trafficking organization operating in the Tijuana/Baja California/Mexico area. For over a decade, the Arellano-Felix family dominated the Mexican drug trade and flooded our nation with hundreds of tons of cocaine and marijuana, and massive quantities of methamphetamine and heroin. Javier Arellano-Felix, the last holdout at the top of that cartel, is a violent drug kingpin who is wanted in the United States for numerous drug trafficking, conspiracy, and money laundering charges. He is considered threatening enough to our nation to warrant a \$5 million U.S. State Department reward for his capture. His arrest topples a dynasty built on violence and drugs and puts a chokehold on the destruction this brutal organization has caused in both the United States and Mexico.

## **B. Drug Flow Prevention**

In May 2005, DEA began its Drug Flow Prevention strategy, which attacks the supply, transportation systems, and financial infrastructure of major drug trafficking organizations operating between the source zones and the United States. This new drug flow strategy calls for aggressive, well-planned, and coordinated enforcement operations with host nation counterparts in global source and transit zones. This strategy has been largely successful as evidenced by *Operation All-Inclusive I-2005*, which targeted the transit zones of Central America and attacked the drug trade's main arteries and support infrastructure in Central America to intercept bulk drug shipments before they reached Mexico. In the three months in which this operation was conducted, over 46 metric tons of cocaine and 21 metric tons of marijuana were seized.

Drug distribution at the wholesale-level in the United States generates between \$13.6 billion and \$48.4 billion annually.<sup>7</sup> Drug trafficking organizations are big businesses, and DEA has reenergized its attack on the financial infrastructure of drug cartels. DEA's Office of Financial Operations and the specialized Money Laundering Groups in DEA's 21 field divisions focus on drug proceeds that flow back to the sources of drug supply, and how they can be identified and seized. In FY 2005, DEA established a five-year plan with annual milestones through FY 2009 to meet the challenge of crippling drug cartels so that they are unable to reconstitute their operations with new leadership. To accomplish this goal, DEA planned to continue increasing its asset and drug seizures until it achieves an annual goal of \$3 billion in revenue denied to drug trafficking organizations through new domestic and international seizure strategies. In the first years under this plan, DEA exceeded its goal of \$1 billion in revenue denied by 90 percent. In response to this success, DEA increased its FY 2006 milestone from \$1.5 billion to \$2.5 billion and achieved \$1.6 billion in revenue denied, which exceeded the original goal but fell short of the revised goal. DEA's revenue denied seizure goals for FY 2007, FY 2008, and FY 2009 are \$2 billion, \$2.5 billion, and \$3 billion, respectively.

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<sup>7</sup> U.S. Department of Justice, National Drug Intelligence Center. National Drug Threat Assessment (2006).

### **C. Counterterrorism**

DEA's drug trafficking and money laundering enforcement initiatives also support and augment U.S. efforts against terrorism by denying drug trafficking and/or money laundering routes to foreign terrorist organizations, as well as the use of illicit drugs as barter for munitions to support terrorism. Although traditional criminal organizations continue to dominate the international drug trade at all levels, drug income is a source of revenue for some international terrorist groups. DEA investigations have identified links between groups and individuals under investigation for drug violations and terrorist organizations. DEA has identified 43 percent (18 of 42) of the organizations on the Department of State's Foreign Terrorist Organizations list as having possible ties to the drug trade. In addition, as of the end of FY 2006, 21 of the 46 organizations on the CPOT list had links to these Foreign Terrorist Organizations. Further, there have been a number of occasions where DEA agents have been able to introduce sources to the Federal Bureau of Investigation (FBI) or the Central Intelligence Agency (CIA) for counterterrorism use.<sup>8</sup>

The case of Bashir Noorzai illustrates the link that exists between drug trafficking and terrorist organizations. Noorzai was the leader of the largest Central and Southwest Asia-based heroin drug trafficking organization known to DEA. Noorzai provided explosives, weaponry, and personnel to the Taliban in exchange for protection for his organization's opium poppy crops, heroin laboratories, drug transportation routes, and members and associates. Noorzai was also a close associate of former Supreme Taliban leader Mullah Mohammad Omar, who is now a fugitive, and was himself a former leader of the Taliban Shura, or Ruling Council. Noorzai was arrested on April 25, 2005, as part of DEA's *Operation Containment*.

The Patriot Act Reauthorization of 2005 greatly enhances DEA's authority to target and arrest drug traffickers that provide financial support to terrorist organizations. The Patriot Act makes it a crime for a person anywhere in the world to manufacture, distribute, or possess with intent to manufacture or distribute a controlled substance while providing financial support to terrorist organizations.

### **D. Methamphetamine**

DEA is also addressing the methamphetamine epidemic in the United States by working to halt the production process of methamphetamine, destroy distribution networks, eliminate the harmful after effects of production, and reduce demand through public awareness and education. The primary source of methamphetamine distributed in the United States is through highly structured Mexican national drug trafficking groups. These groups operate high-output, clandestine "super labs," mostly in Mexico. DEA estimates that roughly 80 percent of the methamphetamine used in the United States comes from super labs, and the remaining 20 percent comes from small toxic labs (STLs).

Increasingly, the methamphetamine smuggled from Mexico across the Southwest Border, enters via Arizona and Texas. The Southwest Border is particularly vulnerable to drug smuggling because of the enormous volume of people and goods that cross the border for legitimate

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<sup>8</sup> National Commission on Terrorist Attacks. The 9/11 Commission Report: Final Report to the National Commission on Terrorist Attacks upon the United States. W.W. Norton & Company (2004). Page 80.

purposes at the 33 regulated crossing points. Vast sections of the nearly 2,000-mile land border between Mexico and United States are remote, arid, rugged, and difficult to police.

In recognition of the growing methamphetamine problem, Mexico has taken proactive measures to assess their legitimate requirements for ephedrine and pseudoephedrine, and has pledged to reduce their imports of these substances dramatically in 2006. China, India, and Germany each have robust chemical production industries and are the world's largest exporters of ephedrine and pseudoephedrine.

In May 2006, DEA and the Government of Mexico agreed to establish specialized methamphetamine enforcement teams on both sides of the border. In Mexico, these teams will focus on investigating and targeting Mexican methamphetamine trafficking organizations, while DEA efforts on the U.S. side will focus on the methamphetamine traffickers and organizations transporting and distributing the finished product being manufactured in Mexico. Training for the Mexican meth enforcement teams, comprising over 1,500 law enforcement personnel, was completed in December 2006.

DEA's 2006 El Paso Intelligence Center (EPIC) Gatekeeper Assessment was the first in a series of reports produced to further a comprehensive understanding of drug movement through specific Southwest Border crossing areas, and the DTOs who control those entry points. Gatekeepers are individuals who operate geographically specific entry corridors along the United States-Mexico border, usually in a major Mexican border town or city, and in support of a particular Mexican DTO. Gatekeepers provide their services to a variety of drug and illegal immigrant traffickers. DEA cooperates with the Department of Homeland Security, Customs and Border Protection (CBP) in investigations involving Gatekeepers, specializing in their detection and tracking by air.

Successful investigations in the United States and Canada have disrupted the supply of essential precursor chemicals to these drug trafficking organizations, forcing them to seek alternative sources of pseudoephedrine and to move their operations to Mexico. Domestic lab seizures of all types declined by 62 percent between CY 2002 and CY 2005. However, the purity of methamphetamine has increased. Furthermore, the geographic spread of STLs throughout the United States has increased the threat to communities, first responders, and law enforcement. In fact, from CY 2002 through CY 2005, more than 35,000 STLs were discovered and seized.

#### **E. State and Local Law Enforcement Assistance**

State and local law enforcement organizations are important partners in accomplishing DEA's drug mission. As such, DEA has remained dedicated to working with State and Local law enforcement partners. For example, as of December 2006, DEA had 215 State and Local Task Forces, with an onboard strength of 1,974 Task Force Officers and 1,688 DEA Special Agents. These task forces in FY 2006 dismantled and disrupted 280 PTOs. Since the initiation of the PTO program in FY 2001, State and Local Task Forces have been involved in 26 percent of all PTO investigations (1,467 out of 5,659).

DEA's *Jetway* program, which instructs State and Local law enforcement officers how to address interdiction issues in airports, bus and train stations, and hotel/motel environments, conducted nine training sessions in various cities across the country during FY 2005.

DEA's *Pipeline/Convoy* program, which teaches highway patrol officers how to address commercial and passenger vehicle interdiction issues, conducted 16 seminars in FY 2005. These two important programs trained a total of more than 3,000 officers.

## **F. Drug Availability Estimates**

In support of DOJ's goal to reduce the drug supply in America, the Office of National Drug Control Policy (ONDCP), in consultation with DOJ, continues to develop estimates of availability for the four major drug categories: cocaine; heroin; marijuana; and methamphetamine. During FY 2002, ONDCP and DOJ led an interagency working group to establish a baseline for drug availability. Estimates of the availability of cocaine, heroin, methamphetamine, and marijuana for calendar year (CY) 2001 were published in December 2002. These estimates were based on models that included drugs transported into the United States, as well as drugs produced domestically, less any federal, State or local seizures occurring inside the United States. Since that time, the baseline availability estimates have been recalculated from the initial models and reflect a more accurate 2001 domestic drug availability. However, the revised models for cocaine, heroin, and marijuana provide broad ranges for subsequent years. In addition, methamphetamine estimates are currently unavailable due to inadequate data. As a result, the point estimates for baseline availability data have not been finalized. The Department anticipates that better estimates for drug availability will be forthcoming.

In an effort to evaluate DEA's impact on drug availability, DEA pursued several initiatives in FY 2006. DEA coordinated an effort with the ONDCP who contracted with CNA Corporation to develop a model to determine the impact of law enforcement operations on the cocaine market. The results of the 16 month study showed that while DEA enforcement operations did have a short term impact on the market (cocaine availability as measured by price and purity), there was no single model that could measure the impact on a national level. Efforts are continuing with the ONDCP and CNA Corporation.

DEA is also working with the National Institute of Justice (NIJ) on a joint research solicitation opportunity in collaboration with the National Institute on Drug Abuse (NIDA) to determine DEA's impact on the drug markets and drug availability. Additionally, DEA is pursuing the establishment of a drug buy program for cocaine and methamphetamine similar to DEA's Heroin Domestic Monitoring Program to enhance price and purity data. Finally, a working group has been established to develop proxy measures to determine DEA's impact on drug availability, and these measures will be decided and reported on in the FY 2009 budget process.

In the meantime, DEA reports the following drug seizures based on data recorded in its drug seizure reporting systems. The table below shows a significant increase in cocaine seizures from FY 2004 to FY 2005, which was largely sustained in FY 2006 through continued success in foreign seizures. Over the past three fiscal years, heroin seizures increased modestly, while methamphetamine and marijuana seizures declined slightly.

**DEA's Drug Seizures**  
**Weight Reported in Metric Tons \***

	FY 2004 Domestic Seizures	FY 2004 Foreign Seizures	FY 2004 Total Seizures	FY 2005 Domestic Seizures	FY 2005 Foreign Seizures	FY 2005 Total Seizures	FY 2006 Domestic Seizures	FY 2006 Foreign Seizures	FY 2006 Total Seizures
<b>Drug</b>									
Cocaine	108.94	62.41	171.35	170.38	107.35	277.73	99.51	165.46	264.97
Heroin	0.97	10.14	11.11	0.88	12.73	13.61	1.29	11.04	12.33
Methamphetamine	2.50	1.42	3.92	3.07	1.16	4.23	2.13	0.78	2.91
Marijuana	613.05	103.86	716.91	624.08	117.38	741.46	525.25	80.59	605.84

All seizure data are based on INFO 7 and STRIDE as of December 29, 2006 \* Conversion applied : Kilos / 1,000 = MT

### G. Program Assessment Rating Tool (PART)

DEA was among the 20 percent of federal agencies reviewed in the Office of Management and Budget's (OMB) first-year effort to assess and improve program performance by identifying program strengths and weaknesses. DEA was assessed as a single counterdrug program and earned a rating of "results not demonstrated." In November 2003, OMB reassessed DEA using the modified Performance Assessment Rating Tool (PART) instrument. This time, DEA earned a rating of "adequate," an acknowledgement of significant progress. OMB determined that DEA had made progress and doubled its score in the PART's four sections.<sup>9</sup> Specifically, OMB recognized DEA for the following five accomplishments:

- Revising budget submissions to track performance;
- Developing appropriate long-term and annual goals;
- Revising the strategic plan to encompass a focus that reflects all of DEA's programs;
- Implementing targeting and reporting systems to enable DEA Headquarters to review and decide upon the allocation of investigative resources; and
- Receiving an unqualified opinion for the FY 2002 and FY 2003 financial statements with no internal control weaknesses reported and no reportable conditions related to financial management.

The FY 2006 President's Budget recognized DEA as a notable example of success for integrating budget and performance information: "The Drug Enforcement Administration (DEA) has demonstrated proficiency at quantifying the impact of funding increases (or decreases) on its performance measures relative to targets established from the PART process. DEA is capable of translating a budget increase for additional drug enforcement agents into a specific number of additional drug trafficking organizations that will be either disrupted or dismantled in the fiscal year."<sup>10</sup>

DEA is revising its long-term goals and refining its performance measures to establish links between a Priority Target's disruption or dismantlement and its impact on drug availability.<sup>11</sup> DEA will not be reassessed before the FY 2012 budget process.

<sup>9</sup> The PART's four sections include: Program Purpose and Design, Strategic Planning, Program Management, and Program Results.

<sup>10</sup> Executive Office of the President. (2005). FY 2006 Budget: Analytical Perspectives.

<sup>11</sup> In its January 2003 report, Major Management Challenges and Program Risks for the Department of Justice, the Government Accountability Office (GAO) acknowledged DEA's significant progress and commitment to developing measurable performance targets for reducing illegal drugs.

### 3. Drug Threats to the United States

The *National Drug Control Strategy* set a two-year goal to reduce the use of illicit drugs among youth and adults by 10 percent in the United States between CY 2001 and CY 2003.<sup>12</sup> This goal has been exceeded, as drug use among youth has decreased 11 percent over that time period. However, significant challenges remain.

In CY 2004, an estimated 19.7 million Americans – eight percent of the population age 12 or older – were current<sup>13</sup> illicit drug users.<sup>14</sup> It is estimated that drug abuse costs the U.S. economy over \$180 billion annually<sup>15</sup> – approximately \$1,600 a year to every American family – in lost earnings, health care costs, social welfare costs, and the loss of goods and services to crime. In CY 2003, 28,723 persons died of drug-induced causes in the United States – a 10 percent increase from the 26,040 drug-induced deaths in CY 2002.<sup>16</sup> DEA’s most recent Domestic Threat Assessment<sup>17</sup> highlights the challenges we still face in reducing the illicit drug supply in America.

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<sup>12</sup> Executive Office of the President. Office of National Drug Control Policy. (2005). National Drug Control Strategy 2005.

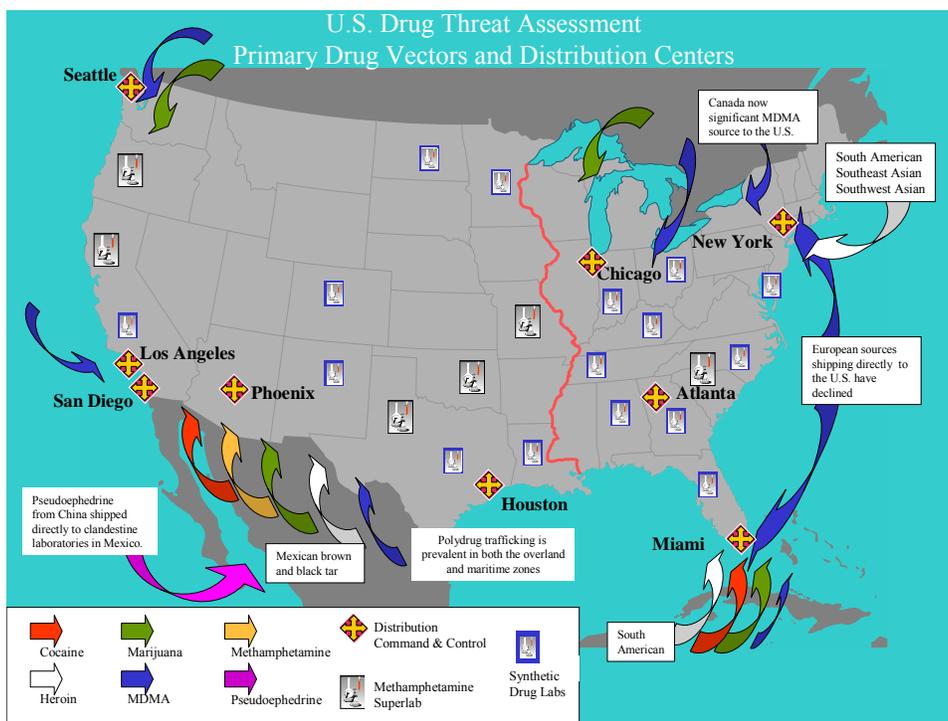
<sup>13</sup> Current drug use means use of an illicit drug during the month prior to the NSDUH survey interview.

<sup>14</sup> U.S. Department of Health and Human Services, Substance Abuse and Mental Health Services Administration (2006). Results from the 2005 National Survey on Drug Use and Health: National Findings.

<sup>15</sup> Executive Office of the President, Office of National Drug Control Policy. (2004) The Economic Cost of Drug Abuse in the United States, 1992-2002.

<sup>16</sup> In CY 2003, a total of 28,723 persons died of drug-induced causes in the United States. The category “drug-induced” includes not only deaths from dependent and nondependent use of drugs (legal and illegal use), but also poisoning from medically prescribed and other drugs. It excludes unintentional injuries, homicides, and other causes directly related to drug use. Also excluded are newborn deaths due to mother’s drug use. Source: Centers for Disease Control and Prevention, “Deaths: Final Data for 2003,” National Vital Statistics Report, Vol. 54, No. 13, April 19, 2006.

<sup>17</sup> DEA’s Enforcement-Based Domestic Drug Threat Assessment map provides a snapshot, as of July 2006, of the U.S. environment in a highly dynamic drug trafficking environment. It is based on intelligence relating to the demand for illegal drugs and their suppliers and distributors. The threat assessment encompasses data findings from DEA field division assessments, open-source reports, drug abuse indicators, reports from DEA’s El Paso Intelligence Center (EPIC) and the Joint Interagency Task Force West (JIATF-W), and information on PTOs. This assessment identifies the primary illicit drug distribution patterns and the major organizations involved, as identified through DEA enforcement and intelligence collection activities.



## A. Methamphetamine

Methamphetamine is the most widely abused and most frequently clandestinely produced synthetic drug<sup>18</sup> in the United States. Methamphetamine appeals to people across all genders, ages, and socio-economic levels. Methamphetamine has a high rate of addiction, a low rate of sustained recovery, and is cheap to manufacture. It has become a problem of epidemic proportions in the United States, devastating users, their families, and local communities. According to the 2005 *National Survey on Drug Use and Health* (NSDUH), 512,000 persons 12 and older used methamphetamine during the past 30 days (an eighteen percent decrease from 2003) and 1.3 million have used it in the past year, virtually the same number as in 2003. The estimated number of past year methamphetamine users is nearly three and one half times the number of estimated past year heroin users. In FY 2006, DEA domestic seizures of methamphetamine totaled 2.1 metric tons.

By effectively targeting and arresting the main suppliers of bulk precursor chemicals, DEA has successfully reduced the number of super labs<sup>19</sup> in the United States. As a consequence, operators of super labs have shifted their production to Mexico. Current drug and lab seizure data suggest that 80 percent of the methamphetamine consumed in the United States comes from larger labs, for the most part in Mexico, and that approximately 20 percent of the methamphetamine consumed comes from small toxic labs (STLs) in the United States. STLs generally are unaffiliated with major drug trafficking organizations, but nevertheless present enormous environmental challenges.

<sup>18</sup> The term ‘synthetic drugs’ refers to controlled substances such as methamphetamine, MDMA “ecstasy” (and its analogues), GHB (and its analogues), ketamine, and other substances, which are not of primarily organic origin and are usually associated with clandestine manufacture.

<sup>19</sup> “Super labs” are those labs that are capable of producing at least 10 pounds of methamphetamine per cycle.

In recent years, the proliferation of STLs has been fueled by the ready availability of pseudoephedrine, the key ingredient in methamphetamine and by the fact that the manufacturing process is simple, inexpensive, and recipes can be found easily on the Internet. In 1990, there were two states with 20 or more clandestine laboratory seizures. In 1996, this number increased to 10 states. In 2004, there were over 40 states where 20 or more seizures of clandestine laboratories occurred. From 2002 through 2005, more than 35,000 clandestine laboratories, including over 34,000 STLs, were discovered and seized.

The most promising means of eliminating STLs is to cut off their supply of ephedrine and pseudoephedrine. DEA has removed a number of distributors of grey market drug products (those that can be purchased at truck stops, party/liquor stores, etc.) from the marketplace. Following DEA's success with removing grey market distributors, STLs have become heavily reliant on obtaining precursor chemicals from cold and asthma drug products (usually packaged in blister packs) from traditional retail outlets, such as chain drug stores. Based on clandestine lab seizure statistics, those states restricting the availability of methamphetamine precursor chemicals, like pseudoephedrine, have seen a dramatic decrease in the number of STLs. The Combat Methamphetamine Epidemic Act of 2005, which is included in the Patriot Act Reauthorization, will further reduce the number of STLs as it makes pseudoephedrine and ephedrine more difficult to obtain.

With the enactment of federal and state legislation limiting the sale of products containing pseudoephedrine and ephedrine, DEA anticipates further reduction in the number of STLs.

## **B. Non-medical use of prescription drugs**

Non-medical use of addictive prescription drugs has been increasing throughout the United States at alarming rates. In CY 2005, an estimated 6.4 million<sup>20</sup> Americans age 12 and older reported past month use of prescription drugs for non-medical purposes compared to 3.8 million in CY 2000<sup>21</sup> – a 68 percent increase in 5 years. Nationally, the misuse of prescription drugs was second only to marijuana in CY 2005.

Individual users can easily acquire prescription drugs through a variety of means, generally dependent on the type of drug. DEA and other data sources reveal that OxyContin<sup>®</sup> and other Schedule II drugs are most commonly obtained illegally through “doctor shopping” or are sold illegally by registrants (e.g., doctors/pharmacists). On the other hand, Schedule III and Schedule IV drugs (e.g., anti-anxiety medications, hydrocodone, and anabolic steroids) are often purchased through the Internet. Many of these pharmacies are foreign-based and expose the purchaser to potentially counterfeit, contaminated, or adulterated products.

DEA targets its investigations on domestic Internet pharmacies using data from available data bases, such as the Automated Reporting of Completed Orders System (ARCOS), to determine which retail pharmacies are most likely involved in distribution of large quantities of controlled substances over the Internet. In FY 2006, 14.7 percent of investigative work hours dedicated to open diversion cases were Internet cases. This is an increase of 27.9 percent from FY 2005

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<sup>20</sup> U.S. Department of Health and Human Services, Substance Abuse and Mental Health Services Administration. (2006). Results from the 2005 National Survey on Drug Use and Health.

<sup>21</sup> U.S. Department of Health and Human Services, Substance Abuse and Mental Health Services Administration. (2002). National Household Survey on Drug Abuse: Vol 1. Summary of National Findings.

when Internet cases represented 11.3 percent of the investigative work hours dedicated to open diversion cases, and an increase of 50 percent from FY 2004 when 8.8 percent of case work hours were for Internet cases.

During FY 2006, DEA has initiated over 218 investigations of online sales of controlled pharmaceuticals without a prescription. As a result of Internet investigations, DEA seized approximately \$4.9 million in cash, bank accounts, property, and computers during FY 2006.

In FY 2004, DEA established a specialized section within its Special Operations Division (SOD) to coordinate multi-jurisdictional Title III investigations involving the diversion of pharmaceuticals and chemicals over the Internet. During FY 2006, DEA has coordinated over 90 Internet investigations, resulting in the arrest of approximately 128 individuals and the seizure of approximately 14 million dosage units of controlled substances and approximately \$52.6 million in U.S. currency.

DEA, in collaboration with its State and Local law enforcement counterparts, investigates registrants and non-registrants who intentionally divert prescription drugs. DEA has made pharmaceutical investigations a priority and continues to focus its drug enforcement efforts toward the most important members of the drug supply chain. In FY 2005, DEA opened 1,672 investigations focused on the diversion of pharmaceutical controlled substances by registrants and non-registrants, an approximate increase of 11 percent over FY 2004 (1,508). DEA's FY 2005 Priority Target pharmaceutical investigations of key drug supply organizations (59) represent a dramatic increase (168 percent) over FY 2004 (22).

### **C. Cocaine**

Cocaine remains a major illegal drug of concern throughout the United States based upon abuse indicators, violence associated with the trade, and trafficking volume. After marijuana, cocaine continues to be the most widely used illicit drug among all age categories. The 2005 NSDUH found that 2.4 million Americans used cocaine within the past 30 days and that over 5.5 million Americans used it within the past year. According to the 2004 Drug Abuse Warning Network (DAWN) report, cocaine is the most frequently reported illegal drug in hospital emergency room visits, accounting for 1 in 5 (19 percent) drug related emergency room visits in CY 2004.<sup>22</sup>

Although Colombia is the principal source of cocaine distributed in the United States, most of the wholesale cocaine distribution in the United States is controlled by Mexican drug trafficking organizations and criminal enterprises. Even in areas dominated by Colombian and Dominican drug trafficking organizations, such as the Northeast and Caribbean regions, the influence of Mexican drug trafficking organizations is increasing.

DEA's multi-agency cocaine interdiction programs – known as *Operation Firewall* and *Operation Panama Express* – combine investigative and intelligence resources to interdict and disrupt the flow of cocaine from the northern coast of Colombia to the United States. Since the July 2003 commencement of *Operation Firewall*, 34.4 metric tons of cocaine has been directly seized. Additionally, *Operation Firewall* provided assistance in *Operation Panama Express* seizures of 37.4 metric tons of cocaine, and in

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<sup>22</sup> U.S. Department of Health and Human Services, Substance Abuse and Mental Health Services Administration. Detailed Emergency Department Tables from DAWN: 2004. April 2006.

other foreign countries with the seizure of 34.9 metric tons of cocaine. Since the February 2000 implementation of *Operation Panama Express* to the end of FY 2006, 443.5 metric tons of cocaine have been seized or scuttled and 1,272 individuals have been arrested. As of the end of FY 2006, these combined operations have resulted in total seizures of 512.8 metric tons of cocaine.

#### **D. Heroin**

The overall demand for heroin in the United States is lower than for other major drugs of abuse such as cocaine, marijuana, and methamphetamine.<sup>23</sup> However, one cause for concern is the recent increase in heroin usage. According to the 2005 NSDUH, 379,000 people aged 12 and older reported using heroin during the past 30 days in CY 2005; a slight decrease from 398,000 in CY 2004.<sup>24</sup> Heroin remains readily available in major metropolitan areas and is the third most frequently mentioned illegal drug reported to DAWN by participating emergency departments after cocaine and marijuana, accounting for 162,137 mentions in CY 2004.<sup>25</sup>

Most of the heroin entering the United States is produced in South America and Mexico. Although heroin production in these areas has decreased in recent years, the production capacity remains sufficient to meet U.S. demand for the drug.<sup>26</sup> In 2004, Afghanistan produced more than 90 percent of the world's heroin supply.<sup>27</sup> However, Afghanistan is not currently a major heroin supplier to the United States; only about eight percent of the U.S. supply comes from that country. The majority of the heroin entering the United States is produced in Colombia and Mexico.

Through *Operation Containment*, DEA is working with a coalition of 18 countries from Central Asia, the Caucasus, Europe, and Russia, to reduce the flow of Afghan heroin into world markets, prevent Afghanistan from becoming a major heroin supplier to the United States, and disrupt drug-related terrorist activities that could hamper the long term stabilization of the Afghanistan government. In FY 2006, *Operation Containment* resulted in the seizure of 5.3 metric tons of heroin, 121 kilograms of morphine base, 5.2 metric tons of opium gum, 1,439 liters of precursor chemicals, and the seizure of 39 clandestine opium/morphine/heroin processing laboratories.

#### **E. Marijuana**

Marijuana continues to be a significant threat. The 2005 NSDUH found that marijuana was the most commonly used illicit drug with 14.6 million users (6.1 percent of the population 12 and older) during the past month in CY 2004 – the same as in CY 2003.<sup>28</sup> More teens seek treatment for marijuana dependency than for all other drugs combined including alcohol, and marijuana

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<sup>23</sup> U.S. Department of Health and Human Services, Substance Abuse and Mental Health Services Administration. (2006). Results from the 2005 National Survey on Drug Use and Health.

<sup>24</sup> Ibid.

<sup>25</sup> U.S. Department of Health and Human Services, Substance Abuse and Mental Health Services Administration. Detailed Emergency Department Tables from DAWN: 2004. April 2006.

<sup>26</sup> U.S. Department of Justice, National Drug Intelligence Center. (2006). 2006 National Drug Threat Assessment.

<sup>27</sup> Ibid.

<sup>28</sup> U.S. Department of Health and Human Services, Substance Abuse and Mental Health Services Administration. (2006). Results from the 2005 National Survey on Drug Use and Health.

was involved in 215,665 emergency department visits<sup>29</sup> in CY 2004, second only to cocaine among drug-related visits.<sup>30</sup>

Marijuana trafficking is prevalent across the nation, with both domestic and foreign sources of supply. The most recent supply availability estimates indicate that between 10,000 and 24,000 pure metric tons of marijuana are available in the United States,<sup>31</sup> and that Americans spend more than \$10.4 billion every year on marijuana.<sup>32</sup> Since the demand for marijuana far exceeds that for any other illegal drug and the profit potential is so high, some cocaine and heroin drug trafficking organizations traffic marijuana to help finance their other drug operations.

Mexican drug trafficking organizations dominate the transportation and wholesale distribution of the majority of foreign-based marijuana available in the United States and cultivate marijuana on U.S. public lands throughout California. High grade marijuana from Canada, commonly referred to as “BC Bud,” is also available in every region of the United States.

#### **4. Recent Accomplishments and FY 2008 Strategies for Success**

DEA’s accomplishments demonstrate its commitment to DOJ’s FY 2003–FY 2008 Strategic Plan, DEA’s FY 2003–FY 2008 Strategic Plan,<sup>33</sup> and the DEA Administrator’s vision of achieving DOJ’s goal of reducing the availability of illicit drugs in America. DEA’s drug enforcement strategy focuses on the most effective efforts to reduce drug availability in the United States and assist in countering the threats to the nation’s security. These strategies include: 1) Combating Methamphetamine; 2) Counterterrorism; 3) International Drug Flow Prevention; 4) Anti-Money Laundering; and 5) Predictive Intelligence. The following accomplishments illustrate DEA’s efforts in attacking drug trafficking organizations:

##### **A. Combating Methamphetamine**

Methamphetamine poses a unique and deadly threat to communities across America. To combat the trafficking and manufacturing of methamphetamine, DEA takes a comprehensive approach that includes investigations targeting methamphetamine DTOs, enforcement operations to interdict trafficking of methamphetamine across the Southwest Border utilizing the services of Gatekeepers and other means, domestic and international diversion control to cut off the supply of precursor chemicals to super labs and small toxic laboratories, and the identification and cleanup of the large number of small toxic laboratories. In FY 2006, DEA spent an estimated \$191 million to combat methamphetamine, including \$17 million to administer 4,756 clandestine laboratory cleanups.

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<sup>29</sup> A visit to the emergency room is referred to as an episode, and every time a drug is involved in an episode it is counted as a mention.

<sup>30</sup> U.S. Department of Health and Human Services, Substance Abuse and Mental Health Services Administration. Detailed Emergency Department Tables from DAWN: 2004. April 2006.

<sup>31</sup> Drug Availability Steering Committee, Drug Availability Estimates in the United States, December 2002.

<sup>32</sup> Executive Office of the President, Office of National Drug Control Policy. What Americans Spend on Illegal Drugs 1988-1998. December 2000.

<sup>33</sup> In FY 2003, DEA developed a FY 2003–FY 2008 Strategic Plan, which arrays DEA’s resources into four strategic focus areas designed to achieve the maximum impact on DEA’s overarching goal of reducing the availability of illegal drugs. Each strategic focus area includes ambitious two-year and five-year objectives with corresponding performance measures that report on DEA’s progress towards accomplishing these stated objectives.

In September 2005, DEA San Diego initiated wire intercepts of both the Perez-Zamarano and Arreola methamphetamine DTOs. Subsequent intelligence and investigation in cooperation with Mexican law enforcement authorities identified the Mexico-based supplier of methamphetamine and the chain of transportation and distribution for the drugs into southern California and the rest of the United States. The takedown phase of *Operation Smile* on March 15, 2006, resulted in the complete dismantlement of the Perez-Zamorano and Arreola-Gomez DTOs. The dismantling of these organizations has had a significant effect in the availability of methamphetamine in the San Diego, California area. In addition, DEA developed intelligence information that identified new trends and methods of smuggling methamphetamine from Mexico and its distribution in the United States. Intelligence also identified the source of high grade methamphetamine.

In August 2005, DEA concluded *Operation Wildfire* – a nationally coordinated law enforcement initiative that was designed to target all levels of the methamphetamine manufacturing and distribution chain in the country. Two hundred cities took part in the operation with unprecedented results, including 427 arrests and the seizure of 95 kilograms of methamphetamine, 201,035 tablets of pseudoephedrine, 153 kilograms of pseudoephedrine powder, and 224,860 tablets of ephedrine. In addition, 56 clandestine laboratories were seized and 30 children, who had been placed at risk by the laboratory operations, were rescued.

In addition to large scale operations, DEA's Mobile Enforcement Teams (METs) continued their methamphetamine focus. METs have significantly increased the number of methamphetamine deployments. In FY 2006, 74 percent of MET deployments initiated targeted methamphetamine trafficking organizations, compared to 22 percent in FY 2003, 27 percent in FY 2004, and 41 percent in FY 2005.

DEA also has continued its work with global partners including Mexico, Canada, Hong Kong, China, and Germany to target international methamphetamine traffickers and to increase international controls on precursor chemicals. For example, the United States and Mexico have obtained a commitment from Hong Kong not to ship chemicals to the United States, Mexico, or Panama until Hong Kong authorities have received an import permit or equivalent documentation. Hong Kong officials also agreed to provide advance notice to a receiving country before a shipment is made.

In FY 2008, DEA requests 8 positions, 4 FTE, and \$29,172,000 (including \$28,437,000 in non-personnel funding) to enhance its efforts in combating methamphetamine. Specifically, DEA will: 1) employ a comprehensive strategy that targets methamphetamine manufactured in Mexico and smuggled across the Southwest Border; 2) coordinate a cooperative approach with global partners to stop the illicit use of precursor chemicals in the production of methamphetamine; and 3) ensure the adequate support of all elements needed for DEA's methamphetamine and related polydrug investigations - aviation support, aerial surveillance equipment, and other investigative tools to support methamphetamine investigations and enforcement operations along the Southwest Border, including multi-agency efforts against Gatekeepers.

## **B. Counterterrorism**

Although traditional criminal organizations dominate the international drug trade at all levels, drug income is an important source of revenue for some international terrorist groups. Even if only a small fraction of the world's drug dealing revenues supports terrorist groups, that

relatively small amount could be a large percentage of the world's terrorist revenues.<sup>34</sup> DEA has identified 43 percent (18 of 42) of the organizations on the Department of State's Foreign Terrorist Organizations list as having possible ties to the drug trade. DEA's authority to target and arrest drug traffickers that provide financial support to terrorist organizations is greatly enhanced by the Patriot Act Reauthorization of 2005, which makes it a crime for a person anywhere in the world to manufacture, distribute, or possess with intent to manufacture or distribute a controlled substance while providing financial support to terrorist organizations.

In 2004, Afghanistan produced more than 90 percent of the heroin produced worldwide.<sup>35</sup> Currently, Afghanistan is not a major heroin supplier to the United States; only about 8 percent of the U.S. supply comes from that country. However, DEA operations in Afghanistan serve a dual purpose: 1) preventing the country from returning as a major supplier of heroin to the United States, as it was in the 1970s and 1980's; and 2) helping stabilize the Afghanistan government as it battles Taliban terrorists and powerful drug warlords for control of portions of the country.

During FY 2005, DEA operations initiated the deployment of five Foreign-deployed Advisory and Support Teams (FASTs) to Afghanistan and the disruption of eight and dismantlement of two terrorist-linked Priority Target Organizations (PTOs). The FAST deployments played a pivotal role in protecting the lives of both our U.S. military and our coalition partners in Afghanistan. The teams identified narcotics traffickers involved in targeting U.S. forces with improvised explosive devices and have provided critical information obtained from DEA Human Intelligence (HUMINT) sources to U.S. Army Special Forces Operational Detachments. In fact, on several occasions after DEA shared its source information, the Special Forces successfully intervened and seized improvised explosive devices, other bomb-making materials, and weapons caches.

During FY 2006, the Kabul Country Office/FAST, in conjunction with the Special Operation Division's (SOD) Bilateral Case Group, the London Country Office, and the New York Field Division targeted the Khalil Shinwari organization. During this investigation, an undercover Special Agent was introduced to Shinwari by a cooperating source. Shinwari delivered fifteen kilograms of heroin to the undercover agent with instructions that twelve kilograms be delivered to an associate in the United Kingdom and that three kilograms of better quality heroin be given to an associate in the United States. On July 22 and 31, 2006 respectively, 12 kilograms were delivered to UK authorities and three kilograms were delivered to DEA's New York Field Division. This was the first international controlled delivery conducted from Afghanistan.

The FAST teams continue to advise, train, and mentor their Afghan counterparts in the National Interdiction Unit (NIU) of the Counter Narcotics Police – Afghanistan (CNP-A), and directly augment the Kabul Country Office in conducting bilateral investigations to identify, target, and dismantle transnational drug trafficking operations in the region. In October 2006 the sixth class of the CNP-A, NIU graduated from a six-week training program that was sponsored by the U.S. Government. The course graduates are operationally deployed and working bilaterally with DEA's FAST teams. As of the fourth quarter of FY 2006, the number of NIU staff stands at 126

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<sup>34</sup> The Library of Congress, Congressional Research Service. *Illicit Drugs and the Terrorist Threat: Causal Links and Implications for Domestic Drug Control Policy* (April 20, 2004).

<sup>35</sup> *Ibid.*

officers. Plans are currently underway to increase the number of NIU officers to up to 275 officers. This will entail a gradual increase consisting of six classes of 25 officers per class.

In FY 2008, DEA requests 7 positions (including 1 Special Agent), 4 FTE, and \$7,124,000 (including \$6,123,000 non-personnel funding) to enhance its efforts at combating terrorism. Specifically, DEA's request includes funding in support of its classified infrastructure. Merlin is the primary component of DEA's classified infrastructure and provides the single point of connectivity between DEA offices for rapid transmission of, and access to, classified investigative and intelligence information. In the post-9/11 world and especially since DEA has reintegrated as a member of the Intelligence Community, DEA must ensure that investigative information is quickly made available in our law enforcement databases, secure communications systems are adequately supported, and DEA information technology systems are protected against security threats.

### **C. International Drug Flow Prevention**

In April 2005, DEA initiated a multi-agency International Drug Flow Prevention Strategy that would utilize intelligence-driven enforcement investigations to significantly disrupt the movement of drugs, money, and chemicals between source zones and the United States.

Among the first Drug Flow Prevention initiatives was *Operation All Inclusive 2006-I*, which resulted in the seizure of 43 metric tons of cocaine. Maritime seizures in the Eastern Pacific and Western Caribbean accounted for 16 metric tons of the total cocaine seized. Highlights include the arrest of three pilots and the seizure of a DC-9 and Dassault Falcon Jet aircraft and 5.6 tons of cocaine at the Ciudad de Carmen Airport, Campeche, Mexico, as well as the seizure and dismantlement of 15 cocaine processing laboratories in Colombia, which resulted in the seizure of 92.6 metric tons of precursor chemicals. The DEA and other federal, state and host nation law enforcement, task force and military agencies supported both operational and intelligence aspects of these operations.

### **D. Anti-Money Laundering**

In May 2006, DEA, in conjunction with law enforcement counterparts in Colombia, Panama, Brazil, Mexico, Ecuador, Venezuela, Spain, and the United Kingdom, conducted the take down phase of *Operation Twin Oceans*, which targeted the Pablo Rayo-Montano DTO. This DTO was responsible for the production, smuggling and distribution of tens of thousands of kilograms of cocaine worldwide. During the investigation, 47,555 kilograms of cocaine were seized. The financial investigation of this DTO identified and targeted approximately \$100 million in assets. Over \$30 million in assets have been targeted by Panamanian authorities. Between October 11 and 16, 2006, the Colombian authorities executed the first phase of the financial takedown in the 11 Colombian cities. In total, approximately 130 properties were seized by the CNP and Fiscalia, including residential houses, apartments, and businesses. Additionally, approximately 23 vehicles and 4 fishing vessels were seized. The Colombian authorities have estimated total assets seized to be approximately \$50 million.

## **E. Predictive Intelligence**

Using predictive intelligence methodologies, DEA has identified the emerging methamphetamine manufacturing threat in Colombia. An investigation of this threat is in its early stages. Predictive intelligence initiatives afford DEA the advantage of being able to respond more quickly and effectively to attempts by DTOs to adapt to pressure exerted on them by U.S. and host nation drug enforcement.

## **5. Online Investigations**

DEA combats trafficking of prescription drugs over the Internet and use of the Internet as a communication tool for drug trafficking organizations of illicit drugs. Non-medical use of addictive prescription drugs has been increasing throughout the United States at alarming rates. In CY 2005, an estimated 6.4 million<sup>36</sup> Americans age 12 and older reported past month use of prescription drugs for non-medical purposes compared to 3.8 million in CY 2000<sup>37</sup> – a 68 percent increase in 4 years. Nationally, the misuse of prescription drugs was second only to marijuana use in CY 2005.

The Internet is becoming an increasingly popular method of acquiring prescription drugs. Schedule III and Schedule IV drugs (e.g., anti-anxiety medications, hydrocodone, and anabolic steroids) are often purchased through the Internet. Many of these e-pharmacies are foreign-based and expose the purchaser to potentially counterfeit, contaminated, or adulterated products. While it is difficult to assess the number of rogue pharmacy websites advertising the sale of controlled substances on the Internet, a recent search engine query for “prescription drugs for sale online” resulted in 10.3 million hits. A query for “no prescription required” resulted in 30 million hits. DEA’s experience indicates that a single operation may be responsible for several hundred websites.

To deal with the increasing opportunities for diversion created by the Internet, DEA has developed an Online Pharmacy Strategy. This strategy utilizes a combination of enforcement, regulatory, and technological efforts to detect and prevent diversion, and requires the coordination of multi-agency resources and industries. Specifically, DEA coordinates Internet investigations with Federal, State, and local agencies to maximize investigative resources and prosecution. DEA also provides training and educational seminars to investigators, prosecutors, industry representatives, DEA registrants, and the public regarding online pharmacies. Additionally, DEA supports legislation and regulatory initiatives that propose to curtail and prevent diversion of controlled substances over the Internet. Finally, DEA coordinates the introduction of new technology to the field, and will be at the forefront in discovering and exploiting new trends in technology.

DEA has also begun an Internet Distributor Initiative to educate the over 800 DEA-registered distributors of controlled substances about identifying characteristics of an illegal Internet drug sales scheme (“rogue pharmacy”) to cut the supply lines of these illicit operations. DEA emphasizes to wholesalers the need to immediately stop selling where large scale diversion

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<sup>36</sup> U.S. Department of Health and Human Services, Substance Abuse and Mental Health Services Administration. (2006). Results from the 2005 National Survey on Drug Use and Health.

<sup>37</sup> U.S. Department of Health and Human Services, Substance Abuse and Mental Health Services Administration. (2002). National Household Survey on Drug Abuse: Vol 1. Summary of National Findings.

appears to be occurring or else face the loss of their DEA registration and possible judicial sanctions.

In FY 2005, as a result of one Internet drug trafficking investigation, *Operation Cyberchase*, DEA identified 8 separate drug trafficking organizations that together operated over 200 websites that illegally sold prescription drugs, and arrested 20 individuals who had been operating in the United States, India, Asia, Europe, and the Caribbean. DEA also led a 21-month OCDETF investigation that led to criminal charges against the principal Mexican steroid manufacturers, whose U.S. sales totaled an estimated \$56 million annually. In FY 2006, this investigation resulted in 26 further arrests, the seizure of 5.8 million dosage units of controlled substances, 105 kilograms of Ketamine, and \$8.6 million in U.S. currency.

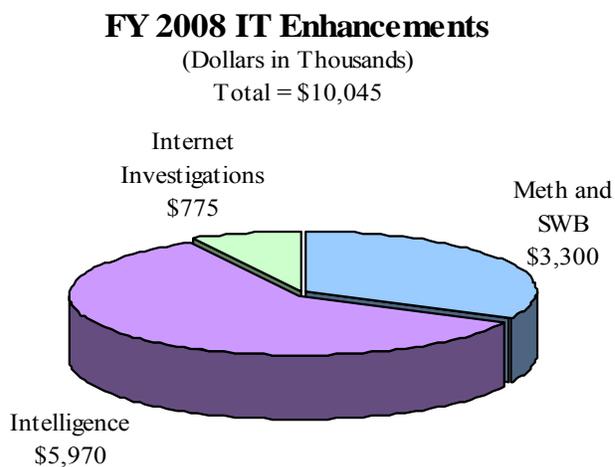
Drug trafficking organizations distributing illicit drugs rely on the use of the Internet to facilitate their drug trafficking and money laundering activities. Analysis provided by DEA's Special Operation Division (SOD) indicates that a majority of Southwest Border investigations involving CPOTs in Colombia and Mexico contain a major component of traffickers using Hotmail, Yahoo, and other e-mail accounts. Drug traffickers are also switching to advanced Internet communications such as Voice over Internet Protocol (VoIP), Blackberry and other mobile devices, instant messaging, and encrypted e-mail.

In FY 2008, DEA requests \$3,020,000 in non-personnel funding to provide operational funding for the support of Internet investigations, Internet intercept capabilities, and computer forensics support. Traditional drug trafficking organizations increasingly rely on the use of the Internet to facilitate their drug trafficking and money laundering activities. To remain on the forefront of communication exploitation capabilities, DEA needs to improve and expand its Internet investigative technologies to combat the evolving methods used by drug trafficking organizations.

## 6. Information Technology Investments

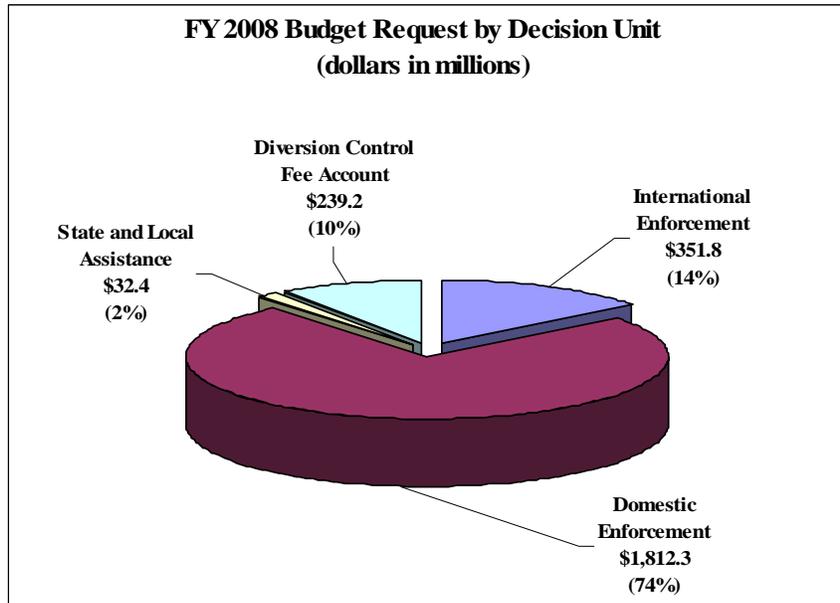
Information technology (IT) resources are an important component in DEA's efforts to fulfill its mission. In addition, information sharing with other law enforcement agencies and the Intelligence Community is only possible with an adequate IT infrastructure. In FY 2008, DEA is requesting enhancements for the following IT Investments:

- *Southwest Border and Methamphetamine Enforcement: Digital Imaging*
- *Counterterrorism and Intelligence Sharing: Merlin*
- *Online Investigations: Digital Evidence Storage Area Network*



## 7. Full Program Costs

DEA's budget integrates its own priorities together with DOJ's Strategic Goals and Objectives to ensure that each performance objective is linked to the costs of critical strategic actions. This request supports DEA's Strategic Plan, which divides DEA's resources (including reimbursable funds) into four strategic focus areas to achieve the maximum enforcement impact across the full spectrum of drug trafficking activity. DEA maps its resources to the four strategic focus areas. Requested enhancements are designed to support specific strategic focus areas.



Note: This chart reflects all DEA resources including the Salaries and Expenses Account, the Diversion Control Fee Account, and Reimbursable Resources.

DEA's strategy takes into account the current drug trafficking situation affecting the United States and identifies the drug trade's characteristics and vulnerabilities at all levels, targeting each of them simultaneously. DEA's resources in support of DOJ Strategic Goal II and Objective 2.2, and Strategic Goal I and Objective 1.1, are provided in each decision unit justification in Section II.

For FY 2008, approximately 74 percent of DEA's budgetary resources (including reimbursable funds) are associated with Domestic Enforcement, 14 percent with International Enforcement, two percent with State and Local Assistance, and ten percent with the Diversion Control Fee Account. The activities and initiatives in each of DEA's programs play a crucial role in accomplishing DEA's overall strategy. Total costs include:

- Direct costs of all outputs;
- Indirect costs; and,
- Common administrative systems.

Some programs, as well as management and administration costs, cross decision units. Both performance and resource tables within each decision unit justification define the total costs of

achieving the strategies DEA will continue in FY 2008. The resource and performance charts include the costs of lower level strategies, which also contribute to achieving the objectives. The indirect costs of continuing activities, which are central to each DEA decision unit's operations, are also included.

## **8. Performance Challenges**

The challenges that impede progress towards achieving DEA's goals are complex and ever changing. Marketplace dynamics, global politics, technological developments, and criminal behavior are only a few factors that can impact law enforcement practices and pose challenges that demand attention. DEA faces the following potential obstacles to meeting its performance objectives:

**External Challenges:** There are many external challenges that DEA has to address to meet its goals successfully. While these factors are beyond its control, DEA can provide tools and assistance to Headquarters and field personnel, as well as its Federal, State, local, and international partners, to minimize dangers. External challenges include the following:

- Following the September 11, 2001 attacks, DOJ and other federal agencies redirected resources from fighting drugs to combating terrorism and improving national security. As a result, additional resources are required for drug enforcement operations, including intelligence and other investigative support, to maintain the momentum of the Federal government's drug enforcement efforts.
- The smuggling, money remittance, and communications infrastructures utilized by international drug and chemical trafficking organizations will continue to provide an operational template that can be readily exploited by terrorist organizations. For example, drug income is among the sources of revenue for some international terrorist groups, most notably the Revolutionary Armed Forces of Columbia (FARC) and the United Self-Defense Forces of Colombia (AUC).
- Many international drug laws are inadequate to address counter-drug efforts. Furthermore, many countries lack effective legislative measures and the judicial means necessary to effectively thwart production, diversion, transportation, communications, finance, or distribution of drugs in their countries.
- Corruption can stymie DEA's efforts to affect international enforcement. Developing nations face an inordinate amount of problems (including indebtedness, insurgency, corruption, and underdevelopment) in conjunction with drug production and trafficking.
- As DEA identifies and infiltrates drug trafficking organizations, the leaders of those organizations are finding more sophisticated ways to insulate themselves from the criminal justice system. For example, they are using long and complex chains of delivery systems and state-of-the-art technology to keep their operations clandestine.
- Newly emerging drug threats continue to affect the United States and the world.
- Technological advancements in communications require vigilance and technical competency on the part of law enforcement. Internet, banking methods, and other sophisticated uses of equipment, such as instant messaging (instant two-way communications using the Internet), BlackBerrys, Hush Mail (free online encryption tool), and VoIP (which provides push to talk, email, and picture capability to wireless phones), all present challenges to law enforcement.

- The globalization of the social, technical, and economic environments of the United States and other nations creates new venues for drug production, transportation, diversion, and money laundering techniques.
- Increase in demand will drive an increase in production and trafficking. Changes in the population mix may also have an impact on illegal drug use.
- Source countries, drug traffickers, methods of operations, and production are constantly changing.
- Legalization in any form would likely: 1) reduce the perception of the risks and costs of use; 2) increase availability and access to harmful drugs; 3) increase demand, abuse, and addiction; and 4) remove the social sanction against drug abuse that is reinforced by legislation. Legalization would increase risks and costs to individuals, families, and communities.
- Changes in laws could affect the closed system of distribution and would allow distribution of foreign-sourced controlled substances.
- Continued growth in preference in the abuser population for legitimate controlled substances to replace or supplement illicit drugs.
- Growing DEA registrant population increases legal access to controlled substances and the opportunity for their diversion.

**Internal Challenges:** DEA faces many internal challenges in FY 2008, such as:

- Maintaining operations within resource constraints.
- Addressing critical infrastructure requirements.
- Enhancing career development opportunities to ensure effective succession planning in DEA's leadership, since 49 percent of DEA's Senior Executives are eligible for retirement by the end of FY 2007.
- Expanding intelligence sharing for money laundering investigations and drug enforcement efforts across OCDETF member agencies through the OCDETF Fusion Center.
- Strengthening existing partnerships and building new ones with Federal, State, local, and international counterparts.
- Ensuring accountability across the agency through the integration of budget and performance.

In December 2004, the Congress passed and the President signed the Commercial Spectrum Enhancement Act (CSEA, Title II of P.L. 108-494), creating the Spectrum Relocation Fund (SRF) to streamline the relocation of Federal systems from certain spectrum bands to accommodate commercial use by facilitating reimbursement to affected agencies of relocation costs. The Federal Communications Commission has auctioned licenses for reallocated Federal spectrum, which will facilitate the provision of Advanced Wireless Services to consumers. Funds are made available to agencies in fiscal year 2007 for relocation of communications systems operating on the affected spectrum. These funds are mandatory and will remain available until expended, and agencies will return to the SRF any amounts received in excess of actual relocation costs.

DEA's initial estimate of its total spectrum relocation costs was \$75,000,000. A revised estimate is being considered by the Office of Management and Budget (OMB). SRF funds are mandatory and will remain available until expended. Agencies will return to the SRF any amounts received

in excess of actual relocation costs. These amounts are not included in the discretionary budget estimates included in this budget request.

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## II. Summary of Program Changes

### Program Improvements

Item Name	Description				Page
		Pos.	FTE	Dollars (\$000)	
Southwest Border and Methamphetamine Enforcement	Attack poly-drug trafficking organizations transiting the Southwest Border by increasing DEA's intelligence gathering, detection, monitoring, and surveillance capabilities.	11	6	\$29,983	59
Counterterrorism and Intelligence Sharing	Improve information sharing with the Intelligence Community (IC) and other law enforcement agencies in order to enhance our Nation's efforts in reducing the supply of drugs, protecting our national security, and combating global terrorism.	7	4	\$7,124	71
Online Investigations	Expand and improve Internet investigations of illicit drugs by providing technical Internet intercept equipment and computer forensics support.	0	0	\$3,020	75
Online Diversion Investigations	Combat the diversion of pharmaceutical drugs over the Internet.	12	6	\$4,011	113
Diversion Investigator Conversion	Convert Diversion Investigators to criminal investigative series positions.	0	0	\$11,588	119

### Program Offsets

Item Name	Description				Page
		Pos.	FTE	Dollars (\$000)	
Mobile Enforcements Teams (MET)	Reduce MET positions and funding in order to direct resources towards disrupting or dismantling Priority Targets.	(80)	(83)	(\$20,578)	91

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### **III. Appropriations Language and Analysis of Appropriations Language**

Appropriations Language

#### **DRUG ENFORCEMENT ADMINISTRATION SALARIES AND EXPENSES**

*For necessary expenses of the Drug Enforcement Administration, including not to exceed \$70,000 to meet unforeseen emergencies of a confidential character pursuant to 28 U.S.C. 530C; and expenses for conducting drug education and training programs, including travel and related expenses for participants in such programs and the distribution of items of token value that promote the goals of such programs, \$1,802,569,000; of which not to exceed \$75,000,000 shall remain available until expended; and of which not to exceed \$100,000 shall be available for official reception and representation expenses.*<sup>38</sup>

#### **Analysis of Appropriations Language**

No substantive changes proposed.

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<sup>38</sup> The FY 2008 President's Budget uses the FY 2007 President's Budget language as a base so all language is presented as new.

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## IV. Decision Unit Justification

### A. International Enforcement

<b>International Enforcement</b>	<b>Perm Pos.</b>	<b>FTE</b>	<b>Amount</b>
2006 Enacted w/ Rescissions and Supplementals	1,024	973	\$ 321,133,000
2007 Estimate	1,047	995	336,119,000
Adjustments to Base and Technical Adjustments <sup>1</sup>	-	8	8,471,000
2008 Current Services	1,047	1,003	344,590,000
2008 Program Increases	-	-	644,000
2008 Offsets	-	-	-
2008 Request	1,047	1,003	345,234,000
<b>Total Change 2007-2008</b>	<b>-</b>	<b>8</b>	<b>\$ 9,115,000</b>

<sup>1</sup> Current services positions and FTEs by specific program within each decision unit reflect estimates that may change once final staffing decisions have been determined.

#### 1. Program Description

The major focus of DEA's International Enforcement program is the disruption or dismantlement of drug trafficking organizations identified by DEA Country Attachés as the most significant international drug and chemical trafficking organizations, also known as PTOs. Specifically, DEA's foreign country offices focus their investigative efforts on PTOs with a direct connection to DOJ's CPOT targets, which include the most significant international command and control organizations threatening the United States as identified by OCDETF member agencies. Recently, the International Narco-Terrorism Provisions in the USA Patriot Improvement and Reauthorization Act of 2005 enhanced DEA's investigative authority overseas. DEA now has the authority to pursue drug traffickers who are terrorists or provide funding to terrorists even if the drugs are not destined for the U.S. In addition, the Patriot Act makes it a Federal crime to engage in drug trafficking to benefit terrorists.

To attack the vulnerabilities of major international drug and chemical trafficking organizations, DEA is working to strengthen partnerships with its international law enforcement counterparts worldwide. With the Drug Flow Prevention initiative, DEA is implementing an innovative, multi-agency strategy, designed to significantly disrupt the flow of drugs, money, and chemicals between the source zones and the United States by attacking vulnerabilities in the supply, transportation systems, and financial infrastructure of major drug trafficking organizations. This new strategy calls for aggressive, well-planned and coordinated enforcement operations in cooperation with host-nation counterparts in global source and transit zones.

DEA's foreign operations address the problem of U.S.-bound drugs in many ways, but share the common theme of supporting proactive and successful bilateral investigations in partnership with nations committed to combating a problem that undermines their societies, and whose law enforcement agencies welcome the expertise and enhanced capabilities DEA imparts to them. Therefore, the Drug Flow Prevention initiative will have a broader impact on the drug flow into the United States, and augment U.S. efforts against terrorism by depriving criminal organizations of drug proceeds that could be used to fund terrorist acts.

On August 5, 2005, the DEA implemented the first initiative of the strategy, ***Operation All Inclusive 2005-1***, throughout Central America. ***Operation All Inclusive 2005-1*** was a multi-agency international drug flow prevention strategy designed to significantly disrupt the flow of drugs, money, and chemicals between Mexico, Central America, and the United States by attacking vulnerabilities in the supply and transportation systems, and the financial infrastructure of major drug trafficking organizations. The strategy included aggressive, well-planned and coordinated enforcement operations with host-nation counterparts in Mexico and Central America. Through innovative, multi-faceted and intelligence-driven operations, participating agencies attacked the drug trade's main arteries and support infrastructure in Central America. The Intelligence Community, the Department of Defense, and other U.S. government agencies supported both operational and intelligence aspects of the operation. The success of this multi-agency, multi-jurisdictional operation exemplified the cooperation between law enforcement entities throughout the United States and Latin America. With coordination between DEA, Defense Intelligence Agency (DIA), and Joint Interagency Task Force (JIATF)-South, ***Operation All Inclusive 2005-1*** demonstrated how coordinated intelligence and enforcement efforts can significantly enhance operational impact. The steadfast and tireless efforts of foreign and domestic law enforcement counterparts led to the successes of this operation.

DEA has also initiated several partnering efforts in Afghanistan. For example, DEA initiated ***Operation Containment*** in February 2002 in response to the growing threat of Afghan opium. Through ***Operation Containment***, DEA is implementing a series of administrative, diplomatic, and investigative measures needed to reduce the flow of Afghan heroin into world markets and prevent Afghanistan from becoming a major supplier of illicit drugs to U.S. markets. DEA had similar operational success by eliminating the heroin supply from Afghanistan through the French Connection in the 1970s. Today, these measures are essential to prevent the billions of dollars involved in the drug trade from reaching people who seek to return the ousted Taliban to power, or those financing terrorist organizations.

In FY 2006, DEA collaborated with 18 countries from Central Asia, the Caucasus, Europe and Russia in support of ***Operation Containment***. As of September 30, 2006, this collaboration resulted in the seizure of 5.3 metric tons of heroin, 121 kilograms of morphine base, 5.2 metric tons of opium gum, 1,439 liters of precursor chemicals, 3.9 metric tons of cannabis, 39 clandestine heroin laboratories, as well as the arrest of 357 individuals. Also, the Government of Afghanistan, with the assistance of DOJ prosecutors in Kabul, extradited Haji Baz Mohammad to the United States for prosecution. This was the first ever extradition from Afghanistan to the United States. On July 11, 2006, he pled guilty to conspiracy to import heroin into the United States in the U.S. District Court for the Southern District of New York. He faces a mandatory minimum of ten years imprisonment and up to a life sentence when he is sentenced in January 2007.

DEA is working with the government of Afghanistan to assist in building narcotic enforcement initiatives and protocols. DEA's Kabul Country Office is participating in the training of the Counter Narcotics Police – Afghanistan (CNP-A) as an institution building effort. The CNP-A is being trained to target and dismantle drug trafficking organizations and conduct interdiction and laboratory destruction operations. In addition, DEA is developing a clandestine laboratory and drug identification awareness course for U.S. military forces operating in Afghanistan.

In support of the *Counternarcotics Strategy for Afghanistan*, developed by the U.S. Embassy Kabul in conjunction with the Government of Afghanistan to reduce heroin production and contribute to the stabilization and rebuilding of the country, DEA created five Foreign-deployed Advisory Support Teams (FAST). The five FAST teams (each team consisting of a Group Supervisor, four Special Agents, and one Intelligence Analyst) completed an intensive six week training course provided by the Department of Defense (DOD) on February 28, 2005. The first two teams were deployed to Afghanistan on April 2, 2005. Two additional teams were deployed in July 2005 for a 120-day rotation. Upon conclusion of that deployment, the fifth team began its rotation in November 2005 that concluded in March 2006. The most recent rotation of FAST commenced in November 2006 and will conclude in late February 2007.

The FAST provide guidance to DEA's Afghan counterparts and conduct bilateral investigations that identify, target, and disrupt illicit drug trafficking organizations. The FAST are deployed two groups at a time, and rotate every 120 days. The other three teams remain at the DOD-provided FAST office facility located at U.S. Marine Corps Base Quantico, Virginia, to train and provide operational support for the deployed teams. To carry out the FAST mission, the teams rely heavily on DOD air assets and use DEA's aviation capabilities as a supplement to this military support. DOD assistance is crucial to the FAST because DEA alone does not possess the aviation resources needed to fully combat the Afghan drug threat. The FAST program directly enhances DEA's work force and capabilities in Afghanistan by enhancing connectivity with DEA's Afghan counterparts to identify, target, investigate, disrupt, or dismantle transnational drug trafficking operations in the region.

The FAST training program has proven to be valuable and directly supports counter terrorism activities in the region. In FY 2005, the DEA-trained National Interdiction Unit (NIU), of the CNP-A, seized drugs and munitions that belonged to anti-coalition forces including the Taliban. Seizures included 42.9 metric tons of opium, 5.5 metric tons of heroin, 220 kilograms of morphine base, 142.4 metric tons of hashish, as well as Rocket Propelled Grenade rounds, artillery-style 85 mm rockets with propellant charges, and directional anti-personnel mines. The munitions seized are typically used in Afghanistan to make Improvised Explosive Devices (IED). As of September 30, 2006, the NIU seized 6.2 metric tons of opium, 1,021 kilograms of heroin, 1,246 kilograms of hashish, as well as numerous IEDs.

DEA's ultimate goal in Afghanistan is to conduct operations in conjunction with the newly established NIU of the CNP-A. DEA will assist the NIU by supporting the U.S. Embassy's plan to destroy clandestine labs and seize precursor chemicals, opium, and drug stockpiles. With DEA advisory assistance, training, and mentoring, the NIU will be made increasingly proficient in the conduct of drug enforcement operations.

Finally, as the legally mandated U.S. government single point of contact for coordinating international drug and chemical investigations, DEA provides interagency leadership in the effort to disrupt or dismantle drug trafficking organizations. Under the policy guidance of the Secretary of State and U.S. Ambassadors, DEA coordinates all programs involving drug law enforcement in foreign countries. In addition, DEA provides intelligence to assist the interagency community in determining future trends in drug trafficking and evaluating these trends to determine their long-term impact on drug trafficking. DEA also works closely with the United Nations, Interpol, and other organizations on matters relating to international drug and chemical control programs.

In addition to collaboration with its foreign counterparts, significant international enforcement efforts require coordination with DEA's domestic offices. These enforcement efforts require a system of well-coordinated international and domestic investigations that combine elements of all operational, regulatory, and intelligence resources of the United States. DEA targets the most significant domestic surrogates of the international drug and chemical trafficking organizations, and sustains a long-term effort designed to dismantle these targeted organizations. This coordination, both international and domestic, ultimately leads to the disruption or dismantlement of organizations that provide raw materials and chemicals used for the production of illicit drugs, launder narcotics proceeds worldwide, and direct the operations of their surrogates in the United States.

The initiatives requested within this decision unit support more than just International Enforcement; therefore, only a share of the requested enhancements is scored to this decision unit.

**2. PERFORMANCE AND RESOURCES TABLE**

**Decision Unit: International Enforcement**

**DOJ Strategic Goal I: Protect America Against the Threat of Terrorism**

**Strategic Objective 1.1: Prevent, disrupt, and defeat terrorist operations before they occur**

WORKLOAD/ RESOURCES		Final Target		Actual		Estimate		Changes		Requested (Total)	
		FY 2006		FY 2006		FY 2007		Current Services Adjustments and FY 2008 Program Changes		FY 2008 Request	
<b>Workload Measure</b>	Number of Open Foreign Investigative Cases in the Middle East, Central Asia, and Southwest Asia Regions	320		293		270		5		275	
<b>Total Costs and FTE</b> (reimbursable FTE are included, but reimbursable costs are bracketed and not included in the total)		<b>FTE</b>	<b>\$000</b>	<b>FTE</b>	<b>\$000</b>	<b>FTE</b>	<b>\$000</b>	<b>FTE</b>	<b>\$000</b>	<b>FTE</b>	<b>\$000</b>
		76	\$ 41,947 [\$0]	76	\$ 41,947 [\$0]	83	\$ 34,019 [\$0]	3	\$ 677 [\$0]	86	\$ 34,696 [\$0]
<b>TYPE/ STRATEGIC OBJECTIVE</b>	<b>PERFORMANCE</b>	FY 2006		FY 2006		FY 2007 President's Budget		Current Services Adjustments and FY 2008 Program		FY 2008 Request	
<b>Program Activity</b>	<b>International Operations</b>	<b>FTE</b>	<b>\$000</b>	<b>FTE</b>	<b>\$000</b>	<b>FTE</b>	<b>\$000</b>	<b>FTE</b>	<b>\$000</b>	<b>FTE</b>	<b>\$000</b>
		76	\$ 41,947 [\$0]	76	\$ 41,947 [\$0]	83	\$ 34,019 [\$0]	3	\$ 677 [\$0]	86	\$ 34,696 [\$0]
<b>Performance Measure</b>	% of Bilateral Investigations Initiated in the Middle East, Central Asia, and Southwest Asia Regions <sup>1</sup>	17%		14%		15%		1%		16%	
<b>Performance Measure</b>	# of counternarcotics operations conducted by the Foreign-deployed Advisory and Support Teams (FAST) in conjunction with the Afghan Counter Narcotics Police-National Interdiction Unit (NIU) <sup>2</sup>	††		33		††				††	
<b>Performance Measure</b>	# of Afghan NIU officers trained by FAST agents <sup>3</sup>	200		126		175		25		200	

†† In accordance with Department guidance, targets are not established for this performance indicator.

<sup>1</sup> The percentage of Bilateral Investigations Initiated in the Middle East, Central Asia and Southwest Asia regions is a subset of the total number of bilateral investigations initiated with host nation counterparts.

<sup>2</sup> Activities associated with these counter narcotics operations include drug laboratory and precursor chemical site raids, destruction of opium storage sites, and capturing of drug criminals. Due to the large number of external and uncontrollable factors influencing counter narcotics operations, DEA cannot project the number of counternarcotics operations to be conducted.

<sup>3</sup> The FY 2007 projection was modified from 275 to 175 NIU officers trained as DEA cannot commit the necessary personnel to train additional officers. Also, the total number of NIU officers trained is contingent upon the availability of Department of Defense funding.

**2. PERFORMANCE AND RESOURCES TABLE (Con't)**

<b>Decision Unit: International Enforcement</b>											
<b>DOJ Strategic Goal II: Enforce Federal Laws and Represent the Rights and Interests of the American People.</b>											
<b>Strategic Objective 2.2: Reduce the threat, trafficking, use and related violence of illegal drugs.</b>											
<b>WORKLOAD/ RESOURCES</b>		<b>Final Target</b>		<b>Actual</b>		<b>Estimate</b>		<b>Changes</b>		<b>Requested (Total)</b>	
		<b>FY 2006</b>		<b>FY 2006</b>		<b>FY 2007</b>		<b>Current Services Adjustments and FY 2008 Program Changes<sup>9</sup></b>		<b>FY 2008 Request</b>	
<b>Workload Measure</b>	Number of Foreign Investigative Cases Worked <sup>4,7</sup>	N/A		1,936		1,760		-20		1,740	
<b>Workload Measure</b>	Active PTOs Linked to CPOT Targets <sup>5</sup>	70		81		90		10		100	
<b>Workload Measure</b>	Active PTOs Not Linked to CPOT Targets <sup>5</sup>	140		138		150		10		160	
<b>Total Costs and FTE</b> (reimbursable FTE are included, but reimbursable costs are bracketed and not included in the total)		<b>FTE</b>	<b>\$000</b>	<b>FTE</b>	<b>\$000</b>	<b>FTE</b>	<b>\$000</b>	<b>FTE</b>	<b>\$000</b>	<b>FTE</b>	<b>\$000</b>
		903	\$ 279,186 [\$8,479]	903	\$ 279,186 [\$8,479]	912	\$ 302,100 [\$6,524]	5	\$ 8,438 [\$0]	917	\$ 310,538 [\$6,524]
<b>TYPE/ STRATEGIC OBJECTIVE</b>	<b>PERFORMANCE</b>	<b>FY 2006</b>		<b>FY 2006</b>		<b>FY 2007 President's Budget</b>		<b>Current Services Adjustments and FY 2008 Program Changes</b>		<b>FY 2008 Request</b>	
<b>Program Activity</b>	<b>International Operations</b>	<b>FTE</b>	<b>\$000</b>	<b>FTE</b>	<b>\$000</b>	<b>FTE</b>	<b>\$000</b>	<b>FTE</b>	<b>\$000</b>	<b>FTE</b>	<b>\$000</b>
		903	\$ 279,186 [\$8,479]	903	\$ 279,186 [\$8,479]	912	\$ 302,100 [\$6,524]	5	\$ 8,438 [\$0]	917	\$ 310,538 [\$6,524]
<b>Performance Measure</b>	Active PTOs Linked to CPOT Disrupted Pending Dismantlement <sup>6</sup>	8		8		10		0		10	
<b>Performance Measure</b>	PTOs Linked to CPOT Targets Disrupted or Dismantled	4/8		9/9		5/10		0		5/10	
<b>Performance Measure</b>	Active PTOs Not Linked to CPOT Disrupted Pending Dismantlement <sup>6</sup>	15		18		15		0		15	
<b>Performance Measure</b>	PTOs Not Linked to CPOT Targets Disrupted or Dismantled	13/9		18/26		15/25		0		15/25	
<b>Performance Measure</b>	# of Bilateral Investigations Initiated with Host Nation Counterparts <sup>7</sup>	949		1,191		950		0		950	
<b>Performance Measure</b>	Number of International Training Classes/Number of International Students Trained	57/2,000		83/2,954		83/2,954		0		83/2,954	
<b>Outcome</b>	Contribution to DOJ's Goal to reduce the availability of drugs in America <sup>8</sup>	TBD		TBD		TBD		TBD		TBD	

<sup>4</sup> This workload measure has been modified since the FY 2007 Congressional budget submission. Number of foreign investigative cases worked is a better reflection of DEA's overall workload in the foreign arena.

<sup>5</sup> Reflects active PTO investigations as of the end of the specified fiscal year.

<sup>6</sup> PTOs disrupted pending dismantlement are active PTO investigations that have been successful at impeding the normal and effective operation of the targeted PTO, but are continuing towards the PTO's complete evisceration such that it is incapable of operating and/or reconstituting itself. PTOs disrupted pending dismantlement are a component of active PTOs.

<sup>7</sup> As DEA focuses on more complex investigations that target the command/control and financial components of drug trafficking organizations, the number of open investigations decreases. DEA is focusing on the quality of open investigations instead of the quantity. Also, DEA cannot operate unilaterally in the foreign arena, DEA is constantly faced with complex external challenges. These challenges can impede progress towards achievement of agency goals. For example, most international drug laws are inadequate to address counter drug efforts. Many countries lack effective legislative measures and the judicial means to effectively impede illicit drug production, diversion, transportation, or distribution in their countries. In addition, changes within foreign government administrations may decrease cooperation in host countries in the areas of drug and chemical control.

<sup>8</sup> One of DOJ's Goal is reducing drug availability in America by 10 percent by 2008. DEA is developing a methodology to determine its contribution as discussed in section 3.a. of Performance, Resources, and Strategies.

<sup>9</sup> Current services positions and FTEs by specific program within each decision unit reflect estimates that may change once final staffing decisions have been determined.

**Data Definition:** Disruption means impeding the normal and effective operation of the targeted organization, as indicated by changes in organizational leadership and/or changes in methods of operation, including, for example, financing, trafficking patterns, communications or drug production. Dismantlement means destroying the organization's leadership, financial base and supply network such that the organization is incapable of operating and/or reconstituting itself. Disruption Pending Dismantlement is an active PTO investigation that has been successful at impeding the normal and effective operation of the targeted PTO, but is still working towards the PTO's complete evisceration such that it is incapable of operating and/or reconstituting itself.

**Data Validation and Verification:** PTARRS provides a means of electronically validating and verifying PTO data through the following approval chain:

- \* Case Agent - Through PTARRS, the Special Agent (SA) or Diversion Investigator (DI) begins the process by creating and proposing a PTO.
- \* Group Supervisor (GS) – The GS reviews the PTO proposed by the SA/DI and approves it or sends it back to the SA/DI for additional information/clarification.
- \* Country Attache (CA) - The CA reviews the PTO approved by the GS. If all of the necessary information included in the proposal meets the established criteria for a PTO, the CA approves the PTO.
- \* Regional Director - The Regional Director reviews the PTO approved by the CA and provides a case assessment for, or against, the nomination of the PTO. Once nominated by the Regional Director, PTARRS generates and saves a unique identification number for the nominated PTO.
- \* Headquarters – At Headquarters, PTOs nominated by the Regional Directors are assigned to the appropriate section within DEA's Office of Enforcement (OE). Once assigned, the corresponding OE Staff Coordinator validates all information reported on the PTO nomination. The validation process includes a review of the PTO nomination for completeness, compliance with established criteria, and confirmation of all related case linkages, including links to CPOT targets. Staff Coordinators coordinate with DEA's Special Operations Division and Intelligence Division to ensure that available facts exist to support all case linkages. In the unlikely event the documentation submitted is insufficient to validate the reported links, the Staff Coordinator will coordinate with the submitting GS to obtain the required information.

**Data Limitations:** DEA is currently improving reporting systems that capture investigative work hours and cost data. DEA also recently initiated a Managerial Cost Accounting project that will eventually allow the agency to capture actual full costs of investigating, disrupting, and dismantling PTOs. All statistics are limited by a lack of a relational link between case files and enforcement outputs (e.g. arrest, seizure, and work hour data). The link is inferred through data manipulation, but some areas are prone to error until all data systems are linked in a relational manner, and errors are prevented through data validation and referential integrity.

**PERFORMANCE MEASURE TABLE**

**Decision Unit: International Enforcement**

Performance Report and Performance Plan Targets		FY 2000	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006		FY 2007	FY 2008
		Actual	Actual	Actual	Actual	Actual	Actual	Target	Actual	Target	Target
<b>Performance Measure</b>	% of Bilateral Investigations Initiated in the Middle East, Central Asia and Southwest Asia Regions	N/A	N/A	N/A	N/A	N/A	17%	17%	14%	15%	16%
<b>Performance Measure</b>	Number of counternarcotics operations conducted by the Foreign-deployed Advisory and Support Teams (FAST) in conjunction with the Afghan Counter Narcotics Police-National Interdiction Unit (NIU)	N/A	N/A	N/A	N/A	N/A	19	††	33	††	††
<b>Performance Measure</b>	Number of Afghan NIU officers trained by FAST agents	N/A	N/A	N/A	N/A	N/A	109	200	126	175	200
<b>Performance Measure</b>	Active PTOs Linked to CPOT Disrupted Pending Dismantlement	N/A	N/A	N/A	N/A	15	8	8	8	10	10
<b>Performance Measure</b>	PTOs Linked to CPOT Targets Disrupted or Dismantled	N/A	N/A	10/3	4/2	2/3	4/8	4/8	9/9	5/10	5/10
<b>Performance Measure</b>	Active PTOs Not Linked to CPOT Disrupted Pending Dismantlement	N/A	N/A	N/A	N/A	21	16	15	18	15	15
<b>Performance Measure</b>	PTOs Not Linked to CPOT Targets Disrupted or Dismantled	N/A	0/0	4/4	8/4	9/10	13/15	13/9	18/26	15/25	15/25
<b>Performance Measure</b>	Number of Bilateral Investigations Initiated with Host Nation Counterparts	2,156	2,330	1,913	1,413	1,279	1,129	949	1,191	950	950
<b>Performance Measure</b>	Number of International Training Classes/Number of International Students Trained	45/1,787	54/1,871	56/1,950	61/2,252	71/2,582	69/2,384	57/2,000	83/2,954	83/2,954	83/2,954
<b>OUTCOME Measure</b>	Contribution to DOJ's Goal to reduce the availability of drugs in America	N/A	N/A	TBD	TBD	TBD	TBD	TBD	TBD	TBD	TBD

†† In accordance with Department guidance, targets are not established for this performance indicator.

### 3. Performance, Resources, and Strategies

The International Enforcement decision unit primarily contributes to DOJ's Strategic Goal II: Enforce Federal Laws and Represent the Rights and Interests of the American People. Within this Goal, the resources specifically address DOJ's Strategic Objective 2.2: "Reduce the Threat, Trafficking, Use, and Related Violence of Illegal Drugs."

The International Enforcement decision unit also contributes to Strategic Goal I: Protect America Against the Threat of Terrorism. Within this Goal, the resources specifically address DOJ's Strategic Objective 1.1: "Prevent, Disrupt, and Defeat Terrorist Operations Before They Occur."

#### a. Performance Plan and Report for Outcomes

DEA has included three performance measures related to the counterterrorism activities carried out in specific DEA foreign offices. DEA is in the process of working with the Department to develop an outcome measure for these activities that can be easily tracked and reported. As there has been a link established between terrorists and drug trafficking organizations, DEA is engaging in proactive enforcement and intelligence gathering operations with its host nation counterparts by targeting the command and control structure of heroin trafficking organizations operating in the Middle East, Central Asia, and Southwest Asia region.

As of September 30, 2006, 14 percent of bilateral investigations were initiated in the Middle East, Central Asia and Southwest Asia region. DEA fell short of its FY 2006 target of 17 percent bilateral investigations initiated. Since DEA cannot operate unilaterally in the foreign arena, DEA is constantly faced with complex external challenges that impede progress towards achievement of agency goals. For example, most international drug laws are inadequate to address counter drug efforts. Many countries lack effective legislative measures and the judicial means to effectively impede illicit drug production, diversion, transportation, or distribution in their countries. In addition, changes within foreign governments may decrease cooperation in host countries in the areas of drug and chemical control.

The number of bilateral investigations will continue to fluctuate as DEA works to establish a permanent presence in various countries located in this region and develop strong relationships with its host nation counterparts. Currently, DEA estimates that the percent of bilateral investigations initiated in the Middle East, Central Asia and Southwest Asia region will be 15 percent in FY 2007 and 16 percent in FY 2008. In FY 2008, DEA will focus on financial operations and intelligence gathering capabilities by establishing offices in Dubai, United Arab Emirates and Dushanbe, Tajikistan. In addition, through *Operation Containment*, DEA will continue to work with 18 countries from Central and Southwest Asia to reduce the heroin flowing out of Afghanistan and seeks to increase its overseas presence by expanding *Operation Containment* into additional countries. By expanding this operation, DEA will work to deny safe havens to criminal organizations involved in drug trafficking, drug-related terrorist activities, and money laundering, and deprive these organizations of the financial basis for their activities.

Two counterterrorism-related performance measures have also been developed for DEA's FAST teams. The main focus of the FAST teams is to provide guidance, training, and mentorship to Afghanistan's Counter Narcotics Police, National Interdiction Unit (NIU) so that they will become a self sustaining narcotics police institution capable of identifying and disrupting heroin

trafficking organizations linked to terrorists in Afghanistan. The following measures, which are relevant to the core mission of this program, have been established and will demonstrate the results the program is intended to achieve.

The first measure is the number of counternarcotics operations conducted by the FAST in conjunction with the Afghan NIU. Since Afghanistan is a combat zone and enforcement operations entail a higher level of risk, DEA is not projecting the number of counternarcotics operations. Afghanistan poses significant health, environmental and operational risks to all personnel operating in country which makes it difficult to conduct enforcement operations on a consistent basis.

The second measure is the number of Afghan NIU officers trained by FAST agents. In FY 2006, DEA trained 126 NIU officers. This number represents both trained and deployed NIU officers. The number of NIU officers trained will fluctuate due to attrition as officers are reassigned out of their unit if their work performance does not meet appropriate standards set by DEA and NIU supervisors. Since DEA receives funding from the Department of Defense (DoD) to train Afghan NIU officers, the projected number of officers trained in fiscal years 2007 and 2008 is contingent upon the availability of DoD funding. DEA anticipates that by FY 2007, 175 Afghan NIU Officers will be trained by FAST agents and by FY 2008, 200 will be trained. Training of the NIU has proven to be valuable in that the DEA-trained NIU have seized drugs and munitions that belonged to anti-coalition forces, including the Taliban. In addition, through these training initiatives, DEA is implementing diplomatic measures to reduce the flow of Afghan heroin into world markets, prevent Afghanistan from becoming a major heroin supplier to the United States, and disrupt drug-related terrorist activities.

Although DEA is involved in counterterrorism-related activities, DEA's primary mission is to enforce the controlled substances laws and regulations of the United States and bring to the criminal and civil justice system of the United States, or any other competent jurisdiction, those organizations and principal members of organizations involved in the growing, manufacturing, or distribution of controlled substances appearing in or destined for illicit traffic in the United States. Please refer to page 7 in the Overview for a discussion on drug availability estimates.

In an effort to evaluate DEA's impact on drug availability, DEA is currently piloting the Significant Investigation Impact Measurement System (SIIMS) to assess the impact that the disruption or dismantlement of major drug trafficking organizations has on a wide range of variables such as drug availability, crime statistics and other quality of life factors. Under SIIMS, DEA collects and analyzes enforcement, public health and social service statistics before the takedown of the targeted organization and for six months afterwards. This information can be used by the Administrator to report on DEA's performance to the Attorney General, Congress, and ONDCP.

For example, one SIIMS assessment examined *Operation All Inclusive 2005-1*. *Operation All Inclusive 2005-1* was the first initiative conducted under the auspices of DEA's on-going International Drug Flow Prevention Strategy, the primary objective of which is to disrupt the flow of drugs, money, and chemicals between source zones and the United States. *Operation All Inclusive 2005-1* was designed to use a predictive intelligence-based attack of the maritime, land, and air smuggling vulnerabilities of drug trafficking organizations. On October 8, 2005, *Operation All Inclusive 2005-1* concluded with the arrest of 346 individuals and the seizure of

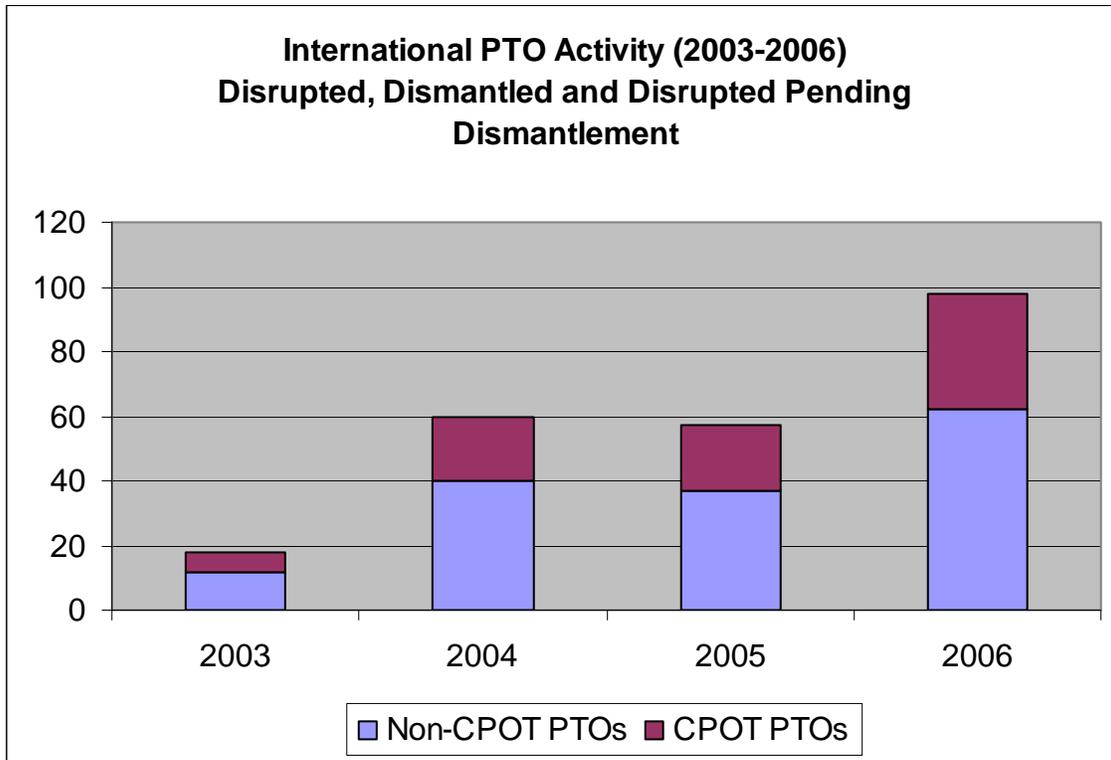
47 metric tons of cocaine, which equates to 5 to 10 percent of the estimated quantity of cocaine that was transported through the transit zones to the United States during all of 2005.

DEA's international investigative efforts focus primarily on CPOT targets. The objective is to dismantle these organizations so that reestablishment of the same criminal organization is impossible and the source of the drug is eliminated. The disruption or dismantlement of CPOT organizations is accomplished primarily via multi-agency investigations. These investigations emphasize developing intelligence-driven, multi-regional efforts to identify and target international drug trafficking organizations that play significant roles in the production, transportation, distribution, financing, or other support of large scale drug trafficking.

DEA's first two drug-related performance measures on the Performance and Resources Table relate to the disruption or dismantlement of Priority Targets linked to CPOT targets. The FY 2006 target for the disruption and dismantlement of Priority Targets linked to CPOT targets is four and eight respectively. As of September 30, 2006, DEA disrupted 9 and dismantled 9 Priority Targets linked to CPOT. DEA exceeded its FY 2006 target as DEA's success at disrupting and dismantling priority targets emphasizes DEA's ultimate objective-the dismantlement of the most significant drug trafficking and money laundering organizations so that the reestablishment of the same organization is impossible. Based on performance to date, DEA expects to meet targets for disrupting and dismantling Priority Targets linked to CPOT in FY 2007 and 2008 via multi-agency investigations and close collaboration with foreign counterparts.

In addition to disruptions and dismantlements, DEA began reporting a component of active Priority Target investigations, *disruptions pending dismantlement*, in FY 2004. Disruptions pending dismantlement are active investigations that have been successful at impeding the normal and effective operation of the targeted organization, but are continuing towards the organization's complete evisceration such that it is incapable of operating and/or reconstituting itself. Prior to FY 2004, DEA limited its reported disruptions to Priority Target investigations that had been closed. As long as the investigation was open, DEA did not report any disruption in the normal and effective operations of the targeted organization, which led to an underreporting of Priority Target disruptions. DEA began reporting *disruptions pending dismantlement* as a component of active cases in its FY 2004 Management's Discussion and Analysis (MD&A), a component of DEA's FY 2004 Financial Statements.

The target level of performance for FY 2006 is eight disruptions pending dismantlement of Priority Targets linked to CPOT targets. As of September 30, 2006, DEA had 8 disruptions pending dismantlement of linked Priority Targets.



DEA's third and fourth drug-related performance measures on the Performance and Resources Table are the disruption or dismantlement of Priority Targets not linked to CPOT targets. The FY 2006 targets for the disruption and dismantlement of Priority Targets not linked to CPOT targets are 13 and nine respectively. As of September 30, 2006, DEA disrupted 18 and dismantled 26 Priority Targets. DEA exceeded its FY 2006 target and expects to meet FY 2007 and 2008 targets through coordination with foreign counterparts and DEA domestic offices. The FY 2006 target for disruptions pending dismantlement of Priority Targets not linked to CPOT targets is 15. As of September 30, 2006, DEA had 18 disruptions pending dismantlement of Priority Targets not linked to CPOT targets. The current emerging drug trafficking trends necessitates a focused approach, and DEA must respond globally and strategically as well as strive to ensure that resources are deployed to the highest priority overseas locations to maximize DEA's impact on the global narcotics trade.

The effectiveness of DEA's international enforcement efforts is measured not only by the number of Priority Target disruptions or dismantlements, but also by the number of bilateral investigations conducted with host nation law enforcement counterparts and the number of DEA-sponsored international training courses conducted.

As of September 30, 2006, the total number of bilateral investigations initiated with host nation counterparts was 1,191. DEA exceeded its FY 2006 target of 949 bilateral investigations and anticipates meeting its FY 2007 and 2008 target of 950; however, DEA's success is contingent upon host nation law enforcement cooperation and participation. Therefore, if there is a decrease in host nation cooperation and participation, DEA cannot achieve internally developed agency goals and objectives.

As of September 30, 2006, DEA conducted 83 international training classes with 2,954 participants. DEA expects to exceed its established FY 2007 and FY 2008 targets of 83 classes and 2,954 provided DEA maintains the fourth mobile training team comprised of Special Agent Course Developers and Instructors from the Domestic Training Section.

## **b. Strategies to Accomplish Outcomes**

DEA collaborates and supports its foreign counterparts on investigations leading to the arrest and prosecution of major international drug traffickers around the world. Specifically, DEA works with its foreign counterparts to disrupt or dismantle international PTOs, which includes:

- Identifying, prioritizing, and targeting the most significant international drug and chemical trafficking organizations;
- Disrupting the networks, financial infrastructures, operations, and the resource bases of targeted international drug and chemical trafficking organizations; and
- Dismantling those international organizations that have a nexus to domestic organizations.

DEA has proposed to enhance specific regions that are considered to be the highest priority locations in order to pursue the following objectives:

### **1. Provide an operational focus that ensures the conduct of long-term bilateral investigations with foreign counterparts against significant international drug and chemical trafficking organizations and their major affiliates and facilitators.**

Special Agents assigned to DEA foreign offices conduct bilateral investigations with foreign counterparts in countries that have demonstrated the commitment to proactively combat drug trafficking organizations. The additional overseas positions at existing, as well as newly proposed foreign offices will allow DEA to interact with foreign counterparts to improve U.S. drug enforcement efforts against emerging heroin, cocaine, and synthetic drug threats and the diversion of precursor chemicals.

In FY 2008, DEA seeks to place additional resources in Panama to target the smuggling of essential precursor chemicals. Strategically, these resources will be invaluable as the majority of the containerized cargo transiting Central America passes through Panama. DEA will continue to work with its foreign law enforcement counterparts to pursue international chemical trafficking organizations who traffic in the precursor chemicals used to produce methamphetamine. While most methamphetamine found in the U.S. is manufactured in Mexico, the precursor chemicals used to make the drug come from all over the world. Most methamphetamine produced in Mexico and domestic super labs is made with precursor chemicals imported from China, the Czech Republic, Germany, Hong Kong, India, Switzerland, Thailand, and the United Arab Emirates. China and India, in particular, have vast commercial chemical industries, which produce significant quantities of ephedrine and pseudoephedrine.

**2. Continue to deny safe havens to criminal organizations involved in drug trafficking, drug-related terrorist and money laundering activities and deprive these organizations of the financial basis for their activities.**

DEA seeks to expand its overseas presence in order to continue investigative efforts against organizations in the Middle East, Central Asia and Southwest Asia region and pursuing linkages to foreign terrorist organizations. DEA will continue to implement administrative, diplomatic, and investigative measures to reduce the flow of drugs into world markets and disrupt drug-related terrorist activities. DEA is currently engaging in proactive enforcement and intelligence gathering operations targeting the command and control structure of heroin trafficking organizations in Afghanistan and the Central and Southwest Asia regions. In FY 2007, DEA will expand its operations in these regions by opening Country Offices in Dushanbe, Tajikistan and in Dubai, United Arab Emirates, where DEA will address the growing problem of money laundering of drug proceeds.

**3. Continue DEA's leadership role and promote cooperation among all domestic and foreign agencies involved in international drug enforcement programs.**

DEA's foreign offices support domestic investigations. This coordination between international and domestic offices extends to evidence sharing, extradition, controlled deliveries, and other programs having the potential to assist ongoing investigations or lead to the initiation of new cases in the United States.

Because they are interdependent and intertwined, the international aspects of drug trafficking cannot be separated from the domestic aspects. The drug trafficking industry begins abroad and ends in the cities, towns, and communities of America. Although the heads of drug trafficking organizations remain ensconced in foreign countries, they are deeply involved in the day-to-day operations of their surrogate organizations, which carry out their instructions and orders. These organizations employ thousands of workers within the United States who are sent into our communities to ensure a continuous influx of drugs and a corresponding return of profits to the organization.

**4. Lead and influence international counterdrug and chemical policy and support institution building in host nations.**

Institution building is a critical component of DEA's overseas success, and DEA Special Agents are expected to aggressively carry out these activities with their counterparts. Increasing DEA's overseas presence will allow Special Agents to establish close relationships and networks with their counterparts that foster cooperation in international drug law enforcement. The additional Special Agents placed in areas where there are emerging drug threats will work with their foreign counterparts on policy and legislative issues and provide assistance in developing drug control laws and regulations as well as work to establish specialized units in support of drug investigations.

Through *Project Prism*, DEA is working with global partners to target international methamphetamine traffickers and to increase chemical control efforts abroad. There are currently 95 countries and 5 international organizations participating in *Project Prism*. Since March 2004, *Project Prism* has used pre-export notifications to monitor shipments of methamphetamine precursor chemicals. With DEA encouragement, Mexico has recently

instituted voluntary controls on pseudoephedrine in cooperation with industry, and has imposed a policy limiting imports of pseudoephedrine and ephedrine to manufacturers only.

In addition to meeting with foreign counterparts on legislative issues, DEA also plays a significant role by providing investigative equipment and training. An important contribution to this end is the establishment of Sensitive Investigative Units (SIUs) in selected countries. SIUs are groups of host nation investigators that are polygraphed, trained, equipped, and guided by DEA. The SIU program seeks to create focused and well-trained drug investigative and intelligence units of high moral character and integrity in selected nations. Eleven SIUs have been approved by Congress. Investigations are ongoing, and cases, particularly those involving sensitive and high-level targets, are being developed by these units. In view of the outstanding records of drug seizures and arrests by the SIUs, DEA will continue to expand the SIU program into other crucial countries.

DEA is currently working to enhance and build the expertise to identify, disrupt or dismantle money laundering organizations, as well as identify, seize and forfeit their illicit revenues. Therefore, DEA foreign offices are refocusing their investigative efforts to increase concentration on money laundering organizations. Vetted Money Laundering Units have been established in Bangkok, Thailand and Bogotá, Colombia, which consist of DEA and host nation personnel who have been trained and equipped by DEA. In order to successfully target money laundering systems, techniques and organizations, DEA is working to enhance relationships and collaborate with international law enforcement counterparts.

#### **5. Maintain an intelligence program that drives international enforcement operations and analyzes information to identify trends.**

DEA coordinates intelligence worldwide that assists in disrupting or dismantling international drug trafficking organizations. DEA coordinates intelligence on the cultivation and manufacture of illicit substances, the sale of precursor chemicals for illegal drug production, and the transportation routes of these drugs into the United States.

DEA's foreign offices share intelligence they have collected with relevant U.S. Federal agencies to augment both foreign and domestic investigations. DEA's personnel abroad work closely with their domestic counterparts to investigate leads and dismantle international drug trafficking organizations that target American citizens.

To assist host nation counterparts in the exchange of information, DEA established regional Centers for Drug Information (CDIs). To date, five regional Intelligence Centers have been established in the following countries: the Dominican Republic, Colombia, Mexico, Bolivia, and Afghanistan. These CDIs provide the facilities and capability to share tactical and investigative information in a timely manner and support over 350 foreign users in 47 countries. The equipment and connectivity provided through the CDIs affords participating countries the capability to exchange near real-time information regarding ongoing investigations, drug movements and seizure, alien smuggling, money laundering, weapons trafficking, and clandestine drug laboratories.

**6. Provide training and assistance in developing the basic legal framework in support of foreign counterparts' efforts to dismantle drug and chemical trafficking organizations and their financial affiliates.**

DEA's International Training Program, with funding from the Department of State's Bureau of International Narcotics and Law Enforcement, focuses directly on establishing international cooperative law enforcement efforts and approved judicial training programs. These programs are tailored to provide narcotics-related enforcement expertise to foreign governments and are offered on a country or regional basis.

For the period covering October 1, 2005, through September 30, 2006, DEA administered 83 training seminars as detailed below:

- 7 International Asset Forfeiture Seminars;
- 10 SIU Seminars;
- 18 Supervisory and Specialized training programs at the ILEAs; and,
- 48 Specialized Bilateral training programs worldwide.

**c. Results of Program Assessment Rating Tool (PART) Reviews**

Please refer to page 8 in the Overview.

## B. Domestic Enforcement

<b>Domestic Enforcement</b>	<b>Perm Pos.</b>	<b>FTE</b>	<b>Amount</b>
2006 Enacted w/ Rescissions and Supplementals	6,880	6,844	\$ 1,287,445,000
2007 Estimate	6,956	6,896	1,333,324,000
Adjustments to Base and Technical Adjustments <sup>1</sup>	(448)	(423)	66,189,000
2008 Current Services	6,508	6,473	1,399,513,000
2008 Program Increases	15	8	38,672,000
2008 Offsets	-	-	-
2008 Request	6,523	6,481	1,438,185,000
<b>Total Change 2007-2008</b>	<b>(433)</b>	<b>(415)</b>	<b>\$ 104,861,000</b>

<sup>1</sup> Current services positions and FTEs by specific program within each decision unit reflect estimates that may change once final staffing decisions have been determined.

### 1. Program Description

DEA continues an aggressive and balanced domestic enforcement program with a multi-jurisdictional approach designed to focus federal resources on the disruption or dismantlement of drug trafficking organizations that control the illegal drug trade, and the seizure of the proceeds and assets involved in the illegal drug trade. Similar to legitimate businesses, drug trafficking organizations have corporate leaders, employees, chemical suppliers, transporters, financial service providers, communication needs, infrastructure, and assets. The drug trafficking business is therefore subject to market forces.

Consistent with the President's National Drug Control Strategy, DEA focuses on finding and exploiting strategic vulnerabilities in the drug market. DEA's strategy relies heavily on intelligence and investigative capabilities to identify significant domestic drug trafficking organizations and drug facilitators, collect and maintain in-depth information concerning their leadership and operations, and assist field offices in establishing priorities and developing targets. This strategy emphasizes the disruption or complete dismantlement of the organizations targeted by DEA domestic field offices.

The Priority Targeting program is DEA's flagship initiative for meeting its enforcement goals. It was implemented in April 2001 to identify, target, investigate and disrupt or dismantle those international, national, regional, and local impact drug trafficking and/or money laundering organizations having a significant impact on drug availability within the United States. DEA domestic field divisions, under the supervision of Special Agents in Charge (SACs), identify and target major drug threats within their areas of responsibility. These identified Priority Targets are then tracked using the *Priority Target Activity Resource Reporting System (PTARRS)*. Through PTARRS, DEA assesses and links Priority Targets into drug trafficking networks and addresses the entire continuum of the drug conspiracy.

The Priority Targeting program focuses on dismantling the drug networks most responsible for the supply of drugs in America by targeting their leaders for arrest and prosecution, confiscating the profits that fund continuing drug operations, and eliminating their international supply sources. DEA continues to collect and analyze drug seizure data as a means of evaluating its

progress towards its ultimate performance goal of contributing to the reduction of drug availability in America. In addition, DEA is working to estimate the real impact of selected disruptions and dismantlements on drug availability.

DEA is also working to strengthen financial drug investigations by targeting the financial infrastructures of major drug trafficking organizations and members of the financial community who facilitate the laundering of their proceeds. Through the Office of Financial Operations and specialized money laundering groups in each DEA field division, DEA uses its drug intelligence information, technology, and agent resources to aggressively address the drug trade business. In this effort, DEA works closely with elements of the private sector financial community to include federal and State regulators who oversee the industry. This concentrated enforcement effort will disrupt the drug market and cause organizations to lose personnel and/or profits to the point at which drug trafficking is no longer profitable.

Targeting the financial infrastructures of major drug trafficking organizations and members of the financial community who facilitate the laundering of their proceeds is a vital component of DEA's overall strategy. In FY 2005, DEA established a five-year plan with annual targets through FY 2009 to meet the challenge of crippling drug cartels so that they are unable to reconstitute their operations with new leadership. To accomplish this goal, DEA planned to increase its drug and asset seizures through new domestic and international seizure strategies until annual seizures of drug profits totaled \$3 billion. In FY 2006, DEA seized a combined total of \$1.6 billion in drugs and assets.

DEA's intelligence program is comprised of several components that are responsible for collecting, analyzing, and disseminating drug-related intelligence domestically. This intelligence facilitates DEA seizures and arrests, strengthens investigations and prosecutions of major drug trafficking organizations, and provides policy makers with drug trend information upon which tactical and strategic decisions are based. DEA's intelligence units are located in all domestic field divisions. In addition, DEA's intelligence program supports the El Paso Intelligence Center (EPIC), a multi-agency facility that serves as a clearinghouse for tactical intelligence and a central point for the collection, analysis, and dissemination of information related to worldwide drug movement and alien smuggling. EPIC provides support for all drug law enforcement interdiction operations and is accessible 24 hours a day/7 days a week.

DEA's SOD also supports domestic enforcement by providing vital information for investigative and enforcement activity directed against major national or international trafficking organizations. Specifically, SOD manages special operations and projects within DEA that target trafficker command and control communications. Additionally, SOD manages and develops programs and procedures which ensure discrete and timely distribution of sensitive and vital intelligence data to DEA, the Federal Bureau of Investigation (FBI), Bureau of Immigration and Customs Enforcement (ICE), and the Internal Revenue Service (IRS) field units. SOD provides guidance and technical assistance to all divisions that have domestic Title III operations involving drug trafficking. SOD also coordinates international conspiracy investigations for the importation of narcotics to ensure that these cases result in suitable evidence presentation in court. The staff at SOD specializes in areas such as electronic surveillance and international criminal conspiracy laws, while responding to specialized linguistic needs for international cases.

In recognition of the national security threat that illegal drugs pose to the United States, the contributions that DEA makes in the area of national security and the continued mandate for

increased intelligence sharing between law enforcement and intelligence agencies, a component of DEA joined the Intelligence Community (IC). As a member of the IC, DEA will facilitate full coordination and information sharing with other members of the U.S. Intelligence Community to enhance our nation's efforts to protect our national security, combat global terrorism, and reduce the supply of drugs.

DEA's drug trafficking and money laundering enforcement initiatives support and augment U.S. efforts against terrorism by denying drug trafficking and/or money laundering routes to foreign terrorist organizations and the use of illicit drugs as barter for munitions to support terrorism. Although traditional criminal organizations continue to dominate the international drug trade at all levels, drug income is a source of revenue for some international terrorist groups. DEA investigations have identified links between groups and individuals under investigation for drug violations and terrorist organizations.

Since September 11, 2001, DEA's intelligence sharing in the war on terror has increased significantly. In FY 2006, DEA's Office of Special Intelligence and Special Operations Division completed over 24,000 counterterrorism products since the September 11, 2001 attacks, including 309 in the three weeks of FY 2001 following September 11, 2001. In FY 2004, there were 7,759 counter terrorism-related products and 9,762 in FY 2005. SOD completed 5,409 counter terrorism-related products in FY 2006.

In addition to the PTO program, DEA is an integral part of DOJ's revitalized OCDETF program. In FY 2006, DEA participated in approximately 89 percent of all OCDETF cases, and led or co- led approximately 80 percent of OCDETF investigations. In FY 2006, 40 of the 46 identified FY 2006 CPOT targets had validated DEA Priority Target investigations directed at or linked to them. In addition, there were 338 active DEA Priority Target investigations directly linked to at least one CPOT target.

The Domestic Enforcement decision unit comprises the majority of DEA's investigative and support resources. These resources, in conjunction with DEA's foreign offices, create a seamless intelligence and investigative web to pursue drug trafficking organizations, from multi-national and poly-drug conglomerates, to independent specialty one-function cells.

The initiatives requested within this decision unit support more than just Domestic Enforcement; therefore, only a share of the requested enhancements is allocated to this decision unit.

**2. PERFORMANCE AND RESOURCES TABLE**

<b>Decision Unit: Domestic Enforcement</b>											
<b>DOJ Strategic Goal I: Protect America Against the Threat of Terrorism</b>											
<b>Strategic Objective 1.1: Prevent, disrupt, and defeat terrorist operations before they occur</b>											
<b>WORKLOAD/ RESOURCES</b>		<b>Final Target</b>		<b>Actual</b>		<b>Estimate</b>		<b>Changes</b>		<b>Requested (Total)</b>	
		<b>FY 2006</b>		<b>FY 2006</b>		<b>FY 2007</b>		<b>Current Services Adjustments and FY 2008 Program Changes</b>		<b>FY 2008 Request</b>	
<b>Workload: Total Number of Counter Terrorism-Related Products Completed by DEA's Office of Special Intelligence and SOD</b>		12,800		5,409		5,500		0		5,500	
<b>Total Costs and FTE</b> (reimbursable FTE are included, but reimbursable costs are bracketed and not included in the total)		<b>FTE</b>	<b>\$000</b>	<b>FTE</b>	<b>\$000</b>	<b>FTE</b>	<b>\$000</b>	<b>FTE</b>	<b>\$000</b>	<b>FTE</b>	<b>\$000</b>
		0	\$ 5,000 [S0]	0	\$ 5,000 [S0]	74	\$ 18,334 [S0]	25	\$ 687 [S0]	99	\$ 19,021 [S0]
<b>TYPE/ STRATEGIC OBJECTIVE</b>	<b>PERFORMANCE</b>	<b>FY 2006</b>		<b>FY 2006</b>		<b>FY 2007 President's Budget</b>		<b>Current Services Adjustments and FY 2008 Program Changes</b>		<b>FY 2008 Request</b>	
		<b>FTE</b>	<b>\$000</b>	<b>FTE</b>	<b>\$000</b>	<b>FTE</b>	<b>\$000</b>	<b>FTE</b>	<b>\$000</b>	<b>FTE</b>	<b>\$000</b>
<b>Program Activity</b>	<b>Domestic Enforcement</b>	0	\$ 5,000 [S0]	0	\$ 5,000 [S0]	74	\$ 18,334 [S0]	25	\$ 687 [S0]	99	\$ 19,021 [S0]
<b>Performance Measure</b>	Percent of Counter Terrorism-Related Products Completed by DEA's Office of Special Intelligence and SOD	19%		9%		10%		0%		10%	

**2. PERFORMANCE AND RESOURCES TABLE (Con't)**

**Decision Unit: Domestic Enforcement**

**DOJ Strategic Goal II: Enforce Federal Laws and Represent the Rights and Interests of the American People.**

**Strategic Objective 2.2: Reduce the threat, trafficking, use and related violence of illegal drugs.**

WORKLOAD/ RESOURCES		Final Target		Actual		Estimate		Changes		Requested (Total)	
		FY 2006		FY 2006		FY 2007		Current Services Adjustments and FY 2008 Program Changes <sup>5</sup>		FY 2008 Request	
Workload: Number of Domestic Investigative Cases Worked <sup>1</sup>		N/A		29,000		29,000		0		29,000	
Workload: Active PTOs Linked to CPOT Targets <sup>2</sup>		590		338		400		0		400	
Workload: Active PTOs Not Linked to CPOT Targets <sup>2</sup>		1,300		1,556		1,440		-70		1,370	
<b>Total Costs and FTE</b> (reimbursable FTE are included, but reimbursable costs are bracketed and not included in the total)		<b>FTE</b>	<b>\$000</b>	<b>FTE</b>	<b>\$000</b>	<b>FTE</b>	<b>\$000</b>	<b>FTE</b>	<b>\$000</b>	<b>FTE</b>	<b>\$000</b>
		8,322	\$ 1,282,445 [\$367,138]	8,322	\$ 1,282,445 [\$367,138]	8,256	\$ 1,314,990 [\$367,608]	(429)	\$ 104,174 [-\$16]	7,827	\$ 1,419,164 [\$374,108]
TYPE/ STRATEGIC OBJECTIVE	PERFORMANCE	FY 2006		FY 2006		FY 2007		Current Services Adjustments and FY 2008 Program Changes		FY 2008 Request	
		FTE	\$000	FTE	\$000	FTE	\$000	FTE	\$000	FTE	\$000
Program Activity	Domestic Enforcement	8,322	\$ 1,282,445 [\$367,138]	8,322	\$ 1,282,445 [\$367,138]	8,256	\$ 1,314,990 [\$367,608]	(429)	\$ 104,174 [-\$16]	7,827	\$ 1,419,164 [\$374,108]
Performance Measure	Active PTOs Linked to CPOT Targets Disrupted Pending Dismantlement <sup>3</sup>	95		68		70		0		70	
Performance Measure	PTOs Linked to CPOT Targets Disrupted or Dismantled	66 / 96		69/68		95/110		0		95/110	
Performance Measure	Active PTOs Not Linked to CPOT Targets Disrupted Pending Dismantlement <sup>3</sup>	198		322		245		0		245	
Performance Measure	PTOs Not Linked to CPOT Targets Disrupted or Dismantled	181 / 261		298/392		305/365		-10 / -10		295/345	
Efficiency Measure	% of Special Agent Investigative Work Hours Dedicated to PTO Investigations	62%		64%		62%		0%		62%	
Outcome	Contribution to DOJ's Goal to reduce the Availability of Drugs in America <sup>4</sup>	TBD		TBD		TBD		0		TBD	

<sup>1</sup> This workload measure has been modified since the FY 2007 Congressional budget submission. Cases worked is a better reflection of DEA's overall workload in the domestic arena. As DEA continues to focus on more complex and challenging cases, like Priority Targets and Financial investigations, the overall number of worked investigations will continue to decrease.

<sup>2</sup> Reflects active PTO investigations as of the end of the specified fiscal year.

<sup>3</sup> PTOs disrupted pending dismantlement are active PTO investigations that have been successful at impeding the normal and effective operation of the targeted PTO, but are still working towards the PTO's complete evisceration such that it is incapable of operating and/or reconstituting itself. PTOs disrupted pending dismantlement are a component of active PTOs.

<sup>4</sup> One of DOJ's Goals is to reduce drug availability in America by 10% by 2008. DEA is developing a methodology to determine its contribution as discussed in section 3.a. of Performance, Resources, and Strategies.

<sup>5</sup> Current services positions and FTEs by specific program within each decision unit reflect estimates that may change once final staffing decisions have been determined.

**Data Definition:** Disruption means impeding the normal and effective operation of the targeted organization, as indicated by changes in organizational leadership and/or changes in methods of operation, including, for example, financing, trafficking patterns, communications or drug production. Dismantlement means destroying the organization's leadership, financial base and supply network such that the organization is incapable of operating and/or reconstituting itself. Disruption Pending Dismantlement is an active PTO investigation that has been successful at impeding the normal and effective operation of the targeted PTO, but is still working towards the PTO's complete evisceration such that it is incapable of operating and/or reconstituting itself.

**Data Validation and Verification:** PTARRS provides a means of electronically validating and verifying PTO data through the following approval chain:

- \* Case Agent - Through PTARRS, the Special Agent (SA) or Diversion Investigator (DI) begins the process by creating and proposing a PTO.
- \* Group Supervisor (GS) – The GS reviews the PTO proposed by the SA/DI and approves it or sends it back to the SA/DI for additional information/clarification.
- \* Assistant Special Agent in Charge (ASAC) - The ASAC reviews the PTO approved by the GS. If all of the necessary information included in the proposal meets the established criteria for a PTO, the ASAC
- \* Special Agent in Charge (SAC) - The SAC reviews the PTO approved by the ASAC and provides a case assessment for, or against, the nomination of the PTO. Once nominated by the SAC, PTARRS generates and saves a unique identification number for the nominated PTO.
- \* Headquarters – At Headquarters, PTOs nominated by the SAC are assigned to the appropriate section within DEA's Office of Enforcement (OE). Once assigned, the corresponding OE Staff Coordinator validates all information reported on the PTO nomination. The validation process includes a review of the PTO nomination for completeness, compliance with established criteria, and confirmation of all related case linkages, including links to CPOT targets. Staff Coordinators coordinate with DEA's Special Operations Division and Intelligence Division to ensure that available facts exist to support all case linkages. In the unlikely event the documentation submitted is insufficient to validate the reported links, the Staff Coordinator will coordinate with the submitting GS to obtain the required information.

Data Limitations: DEA is currently improving reporting systems that capture investigative work hours and cost data. DEA also recently initiated a Managerial Cost Accounting project that will eventually allow the agency to capture actual full costs of investigating, disrupting, and dismantling PTOs. All statistics are limited by a lack of a relational link between case files and enforcement outputs (e.g. arrest, seizure, and work hour data). The link is inferred through data manipulation, but some areas are prone to error until all data systems are linked in a relational manner, and errors are prevented through data validation and referential integrity.

<b>PERFORMANCE MEASURE TABLE</b>											
<b>Decision Unit: Domestic Enforcement</b>											
Performance Report and Performance Plan Targets		<b>FY 2000</b>	<b>FY 2001</b>	<b>FY 2002</b>	<b>FY 2003</b>	<b>FY 2004</b>	<b>FY 2005</b>	<b>FY 2006</b>		<b>FY 2007</b>	<b>FY 2008</b>
		<b>Actual</b>	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>	<b>Target</b>	<b>Actual</b>	<b>Target</b>
<b>Performance Measure</b>	Percent of Counter Terrorism-Related Products Completed by DEA's Office of Special Intelligence and SOD	N/A	N/A	N/A	13%	17%	18%	19%	9%	10%	10%
<b>Performance Measure</b>	Active PTOs Linked to CPOT Targets Disrupted Pending Dismantlement	N/A	N/A	N/A	19	94	99	95	68	70	70
<b>Performance Measure</b>	PTOs Linked to CPOT Targets Disrupted or Dismantled	N/A	N/A	7/10	17/11	24/22	69/95	66/96	69/68	95/110	95/110
<b>Performance Measure</b>	Active PTOs Not Linked to CPOT Targets Disrupted Pending Dismantlement	N/A	N/A	N/A	135	210	255	198	322	245	245
<b>Performance Measure</b>	PTOs Not Linked to CPOT Targets Disrupted or Dismantled	N/A	43/51	84/100	120/139	102/194	233/337	181/261	298/392	305/365	295/345
<b>Efficiency Measure</b>	% of Special Agent Investigative Work Hours Dedicated to PTO Investigations	N/A	N/A	26%	35%	45%	59%	62%	64%	62%	62%
<b>OUTCOME Measure</b>	Contribution to DOJ's Goal to reduce the Availability of Drugs in America	N/A	N/A	TBD	TBD	TBD	TBD	TBD	TBD	TBD	TBD

### 3. Performance, Resources, and Strategies

The Domestic Enforcement decision unit primarily contributes to DOJ's Strategic Goal II: "Enforce Federal Laws and Represent the Rights and Interests of the American People." Within this Goal, the resources specifically address DOJ's Strategic Objective 2.2: "Reduce the Threat, Trafficking, Use, and Related Violence of Illegal Drugs."

Beginning in FY 2007, a portion of the Domestic Enforcement decision unit also contributes to Strategic Goal I: Protect America Against the Threat of Terrorism. Within this Goal, the resources specifically address DOJ's Strategic Objective 1.1: "Prevent, Disrupt, and Defeat Terrorist Operations Before They Occur."

#### a. Performance Plan and Report for Outcomes

DEA has established one new performance measure related to its counter terrorism activities, which is reflected under DOJ's Strategic Goal I on the Performance and Resources Table. DEA is in the process of working with DOJ to develop an outcome measure for its counter terrorism activities that can be easily tracked and reported. Since a link has been established between terrorists and drug trafficking organizations, DEA prepares intelligence products in support of the war on terror. The new performance measure is the percent of counter terrorism-related products completed by DEA's Office of Special Intelligence and SOD. In FY 2006, 9 percent of DEA's total products were related to counter terrorism. Targets for FY 2007 and FY 2008 have been established at 10 percent.

Although DEA is involved in counter terrorism, DEA's primary mission is drug enforcement. Related to this primary mission, DEA's long-term goal is to contribute to DOJ's goal of reducing the availability of drugs in America by 10 percent by the end of FY 2008. Please refer to page 7 in the Overview for a discussion on drug availability estimates.

In the meantime, DEA's Intelligence Division is actively developing initiatives to better collect drug price and purity information. Currently, DEA's Intelligence Division manages the Heroin Domestic Monitor Program, which provides data on the source, cost, and percent of purity of heroin being sold at the retail level in 25 U.S. cities. Beginning in FY 2007, DEA, in coordination with ONDCP, will manage similar monitoring programs for methamphetamine and cocaine.

In an effort to evaluate DEA's impact on drug availability, DEA is currently piloting the *Significant Investigation Impact Measurement System* (SIIMS) to assess the impact that the disruption or dismantlement of major drug trafficking organizations has on a wide range of variables such as drug availability, crime statistics and other quality of life factors. Under SIIMS, DEA collects and analyzes enforcement, public health and social service statistics before the takedown of the targeted organization and for six months afterwards. This information can be used by the Administrator to report on DEA's performance to the Attorney General, Congress, and ONDCP.

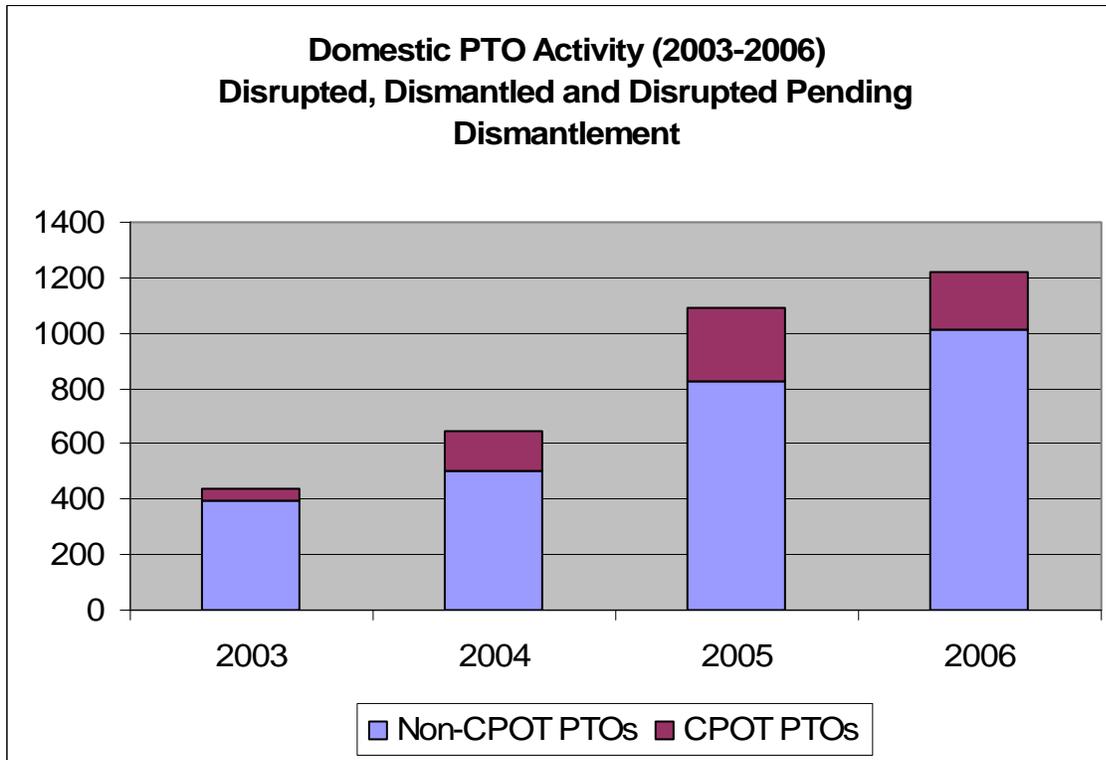
In October 2005, a SIIMS assessment was conducted for *Operation All-Inclusive*, which was an operation that consisted of comprehensive, intelligence-driven operations that attacked Central American and Mexican drug trade arteries and their support infrastructures. The SIIMS

assessment, completed in March 2006, identified the following impact of **Operation All Inclusive I-2005**:

- **Operation All Inclusive I-2005** was responsible for the seizure of 46.55 metric tons of cocaine which equates to 5 to 10 percent of the estimated quantity of cocaine that was transported through the transit zones to the United States during all of 2005.
- Cocaine seizures by DEA domestic offices for the three-month period after **Operation All Inclusive I-2005** decreased 27 percent compared to the three-month period prior to the operation, from 34,350 kilograms to 24,969 kilograms.
- The average price per pure gram for cocaine purchases made by DEA increased 58 percent for the 65-day period after **Operation All Inclusive I-2005** compared to the 65-day period prior to the operation, from \$25.23 to \$39.76.
- The second phase of **Operation All-Inclusive** yielded 131 arrests and the seizure of 19.65 metric tons of marijuana, 92.6 metric tons of precursor chemicals, 43.77 metric tons of cocaine and over \$4 million in currency. As a result, drug trafficking organizations were forced to delay shipments, change modes of transportation and prepare for shortages in supply.

DEA's first two drug-related performance measures under DOJ's Strategic Goal II on the Domestic Enforcement Performance and Resources Table relate to the disruption, disruption pending dismantlement or dismantlement of Priority Targets linked to CPOT targets. The efforts to disrupt or dismantle Priority Targets linked to CPOTs are accomplished primarily via multi-agency and multi-regional investigations. These investigations are intelligence-driven and identify and target national, regional, and international drug trafficking organizations that play significant roles in the production, transportation, distribution, financing or other support of large scale drug trafficking.

The goal is to dismantle these organizations so that reestablishment of the same criminal organization is impossible. DEA's Priority Targets comprise the most significant investigations in each domestic field division. As these organizations are identified, disrupted, or dismantled, the investigative intelligence developed is utilized to identify and target all organizational elements on the drug trafficking continuum. As entire drug trafficking networks, from sources of supply to the transporters/distributors, are disrupted or dismantled, the availability of drugs within the United States will be reduced.



The target level of performance for FY 2006 is the disruption of 66 or dismantlement of 96 Priority Targets linked to CPOTs. As of September 30, 2006, DEA had 69 disruptions and 68 dismantlements of CPOT-linked Priority Targets reported. These results are largely due to the continued emphasis placed on linking Priority Targets to CPOTs. DEA has embraced the importance of coordinated attacks against the “Most Wanted” drug trafficking and money laundering organizations believed to be primarily responsible for the Nation’s illicit drug supply.

In addition to disruptions and dismantlements, DEA began reporting a component of active Priority Target investigations known as *disruptions pending dismantlement* in FY 2004. Disruptions pending dismantlement are active investigations that have been successful at impeding the normal and effective operation of the targeted organization, but are continuing towards the organization’s complete evisceration such that it is incapable of operating and/or reconstituting itself. Prior to FY 2004, DEA limited its reported disruptions to Priority Target investigations that had been closed. As long as the investigation was open and active, DEA did not report any disruption in the normal and effective operations of the targeted organization. As a result, DEA underreported its Priority Target disruptions. Therefore, DEA began reporting *disruptions pending dismantlement* as a component of active cases in its FY 2004 Management’s Discussion and Analysis (MD&A), a component of DEA’s FY 2004 Financial Statements.

The target level of performance for FY 2006 was 95 disruptions pending dismantlement of Priority Targets linked to CPOT targets. As of September 30, 2006, DEA had 68 disruptions pending dismantlement of linked Priority Targets.

DEA’s third and fourth performance measures under DOJ’s Strategic Goal II on the Domestic Enforcement Performance and Resources Table relate to the disruption, disruption pending dismantlement or dismantlement of Priority Targets not linked to CPOT targets. The target level

of performance in FY 2006 for Priority Targets not linked to CPOT targets was 181 disruptions and 261 dismantlements. As of September 30, 2006, DEA had 298 disruptions and 392 dismantlements of Priority Targets not linked to CPOT targets reported. DEA exceeded its annual targets for both disruptions and dismantlements. This is mainly the result of increased investigative work hours devoted to Priority Target investigations. In addition, DEA exceeded its FY 2006 target for the number of Priority Targets not linked to CPOTs disrupted pending dismantlement. The target level of performance for disruptions pending dismantlement was 198. As of September 30, 2006, DEA had 322 Priority Targets not linked to CPOTs disrupted pending dismantlement.

Since the inception of DEA's Priority Targeting Program, DEA has repeatedly exceeded its annual targets for disruptions, disruptions pending dismantlement and dismantlements. As a result, DEA has refined its projection methodology by incorporating additional enforcement factors. Specifically, the new methodology uses a statistical analysis tool to generate the relative weight of many variables and their contribution to the number of PTOs disrupted, disrupted pending dismantlement and dismantled in a year through regression analysis. Included for fiscal years 2007 and 2008 are the targets based on this refined methodology.

To measure the level of effort concentrated on Priority Targets, DEA also tracks the percentage of total Special Agent investigative work hours spent investigating Priority Targets. DEA has consistently met or exceeded the work hour percentage targets. In FY 2006, DEA exceeded its target for percentage of Special Agent investigative work hours dedicated to Priority Target investigations of 62 percent. In FY 2006, approximately 64 percent of total Special Agent investigative work hours were committed to PTO investigations. DEA's FY 2007 and 2008 targets anticipate the maintenance of this level of effort against Priority Targets. DEA's performance against this measure is depicted in the table below:

<b>Special Agent Investigative Work Hours</b>				
<b>Fiscal Year</b>	<b>Actual % of Total Special Agent Work Hours Dedicated to Investigations<sup>1</sup></b>	<b>Performance Goal</b>	<b>Actual % of Total Special Agent Work Hours Dedicated to Priority Investigations<sup>2</sup></b>	<b>Performance Goal</b>
2001	63.5	N/A	N/A <sup>3</sup>	N/A
2002	63.2	N/A	23.6	N/A
2003	63.6	63	32.5	35
2004	65.0	65	44.0	37
2005	69.9	67	56.7	45
2006	71.4	70	63.5	62
2007	N/A	70	N/A	62
2008	N/A	70	N/A	62

<sup>1</sup> Workhours are based on data retrieved from WRS/SMARTS on January 5, 2007 for Domestic Divisions only (excludes foreign offices reporting to the Caribbean and Miami Divisions). The investigative work hours reflected do not include the work hours associated with "other criminal cases".

<sup>2</sup> Workhours are based on data retrieved from WRS/SMARTS on January 5, 2007 for Domestic Divisions only (excludes foreign offices reporting to the Caribbean and Miami Divisions). The work hours available in WRS/SMARTS for Priority Targets only include the workhours associated with the identified lead case for each Priority Target.

<sup>3</sup> Since the Priority Targeting program was implemented during FY 2001, complete data on the percent of Special Agent workhours dedicated to Priority Targets is not available for FY 2001.

## **b. Strategies to Accomplish Outcomes**

To fulfill the critical mission of reducing drug use in the U.S., DEA devotes resources to the disruption or dismantlement of domestic Priority Targets. DEA's strategy is to attack entire drug trafficking organizations, from their international command and control, through their smuggling and transportation systems, down to their distribution cells that are networked throughout the United States. DEA's Priority Targets represent the major drug trafficking organizations responsible for the production, transportation, and distribution of illegal drugs destined for consumption in the United States and the recovery of profits from the sale of those illegal drugs. DEA accomplishes its strategy by:

- exploiting drug trafficking organization vulnerabilities;
- employing traditional and creative enforcement methods that lead to the disruption or dismantlement of targeted organizations and the incarceration of their leaders; and,
- assessing the financial underpinnings of each organization and its key leaders to disrupt or dismantle financial organizations responsible for the control of capital belonging to the targeted organizations.

To achieve the strategic goal of contributing to DOJ's goal of reducing drug supply, DEA:

- Systematically disrupts or dismantles targeted organizations by arresting/convicting their leaders and facilitators, seizing and forfeiting their assets, targeting their money laundering operations, and destroying their command and control networks;
- Works with international offices to disrupt or dismantle domestic organizations directly affiliated with international cartels; and,
- Identifies and targets the national/regional organizations most responsible for the domestic distribution, manufacture, and diversion of precursor chemicals.

The following strategies outline DEA's plan to achieve the Domestic Enforcement objectives:

### **1. Reduce the flow of illicit drugs, money, and chemicals between the source zones and the United States.**

DEA developed an International Drug Flow Prevention Strategy, which involves multiple agencies in numerous countries. This bilateral strategy is specifically designed to disrupt the flow of illicit drugs, money, and chemicals between the source zones and the United States by attacking the drug organization's vulnerabilities in their supply, transportation systems, and financial infrastructures. In FYs 2005 and 2006, DEA implemented the first initiatives under the strategy throughout Central America, *Operation All-Inclusive 2005-1 and 2006-1*. *Operation All-Inclusive 2005-1's* success included 346 arrests and the seizure of nearly 47 metric tons of cocaine, which equates to 5 to 10 percent of the estimated quantity of cocaine that was transported through the transit zones to the United States during all of 2005. The successes for *Operation All-Inclusive 2006-1* include seizures of 38 metric tons of cocaine, over 13 metric tons of marijuana, and 75 tons of precursor chemicals. As a result of these operations, drug trafficking organizations were forced to delay or suspend their drug operations, divert their routes, change their modes of transportation, and jettison loads. The success of these multi-agency, multi-jurisdictional, and bilateral operations exemplified the cooperation between law enforcement entities throughout the United States and Latin America.

## **2. Strengthen counternarcotics efforts to combat illicit drug trafficking along the Southwest Border.**

Narcotics smuggling along the Southwest Border poses a significant national security issue for the United States. The Southwest Border provides hundreds of miles of open areas, which are an ideal environment for cross-border drug trafficking and money laundering activities. DEA's Southwest Border Initiative is designed to enhance the collection of intelligence on cross-border trafficking activities; improve information sharing among U.S. and Mexican agencies; disrupt and dismantle trafficking organizations; interdict illegal bulk currency movements and electronic currency transfers; and enhance Mexico's counterdrug capabilities.

## **3. Disrupt and dismantle Consolidated Priority Organization Targets (CPOTs).**

The OCDETF Program, of which DEA is a leading participant, contributes to DOJ's Strategic Goal to reduce the drug supply by targeting organizations on the CPOT list – the "Most Wanted" drug trafficking and money laundering organizations believed to be primarily responsible for the nation's illicit drug supply. The objective is to dismantle these organizations so that reestablishment of the same criminal organization is impossible and the source of the drug is eliminated. The disruption or dismantlement of CPOT organizations is accomplished primarily by multi-agency investigations. These investigations emphasize developing intelligence-driven operations to identify and target international drug trafficking organizations that play significant roles in the production, transportation, distribution, financing, or other support of large scale drug trafficking.

## **4. Deny drug revenues to drug trafficking organizations in order to disrupt trafficking activities and reduce drug availability.**

The DEA Anti-Money Laundering Strategy is designed to reduce the threat, trafficking, use, and related violence of illegal drugs. DEA's perspective on the money laundering threat to the United States is two-fold. First, DEA is solely focused on proceeds generated by the illegal drug industry and the devastating effect this money has on the American public and financial services industry, as well as other governments and societies around the world. Second, DEA is addressing the threat that drug proceeds represent as a means of financing terrorist organizations. Due to the nature and scope of DEA's investigations and its global presence, evidence and intelligence gleaned from its investigations often provide critical information on terrorist financing, which is immediately shared through established protocols with those agencies charged with counter terrorism responsibilities. DEA's Anti-Money Laundering Strategy targets the flow of drug money back to sources of drug supply because these funds are destined to finance the next cycle of illegal drugs to be sent to the U.S. consumer market.

## **5. Utilize intelligence to support counternarcotics strategies and stop drug-related terrorist activities.**

DEA's Intelligence Program has been refocused on the concept of predictive intelligence to identify trends and vulnerabilities and then direct limited enforcement resources to those areas. In addition to its traditional drug law enforcement mission, DEA has assumed new intelligence responsibilities and functions in 2006 to support the global war on terror. DEA has expanded its Intelligence Program and is currently implementing the following initiatives: a new DEA Office

of National Security Intelligence; a new Representation in the National Security Council Office for Combating Terrorism; an Organized Drug Enforcement Task Force Fusion Center (OFC); a National Virtual Pointer System (an information system that provides federal, State and local law enforcement agencies with a target deconfliction capacity for all crimes); and the Centers for Drug Intelligence Program.

#### **6. Disrupt and dismantle violent gangs involved in drug trafficking.**

Major violent street gangs have become an increasing threat to the safety and security of our domestic communities. Law Enforcement authorities throughout the country report that gangs are responsible for most of the serious violent crime in the major cities of the United States. They commonly use drug trafficking as a means to finance their criminal activities. These gang drug trafficking organizations are often well organized, have an identifiable hierarchy with organized levels of command and control, and utilize sophisticated techniques and organizational processes to further their drug trafficking efforts.

#### **7. Reduce the threat, trafficking, and use of methamphetamine.**

Methamphetamine is a continuing problem in the United States. Once confined primarily to the west and mid-west, it is now spreading across the eastern half of the United States. Because of the unique characteristics of methamphetamine, fighting the drug demands aggressive and collaborative efforts. The Administration is focused on the following six methods to combat methamphetamine: increase DEA's enforcement operations and arrests; make methamphetamine prosecutions a priority for U.S. Attorneys; work with state and local law enforcement; provide information and awareness training; strengthen international partnerships, specifically between the U.S. and Mexico; and use additional tools to target methamphetamine traffickers, such as the Combat Methamphetamine Act contained in the Patriot Act.

## Program Increases

**Item Name:** **Southwest Border & Methamphetamine Enforcement**

Budget Decision Units: Domestic Enforcement  
Diversion Control Program

Strategic Goal & Objective: Goal 2; Objective 2.2

Organizational Program: DEA-wide

Program Increase: Pos: 11 Agents: 1 FTE: 6 Dollars: \$29,983,000

### Description of Item

DEA requests \$29,983,000 (including \$28,437,000 in non-personnel funding and \$811,000 in personnel funding to be funded by the Diversion Control Fee Account) and 11 positions (including 1 Special Agent, 6 Intelligence Analysts, and 2 Diversion Investigators) to attack poly-drug trafficking organizations (DTOs) located along the Southwest Border (SWB) by increasing DEA's intelligence gathering, detection, monitoring, and surveillance capabilities, increasing the effectiveness of DEA's methamphetamine investigations, and curtailing the illicit use of precursor chemicals.

The SWB of the United States is the principal arrival zone for most illicit drugs smuggled into the United States as well as the predominant staging area for the drugs' subsequent distribution throughout the country. According to El Paso Intelligence Center's (EPIC) drug seizure data, most of the cocaine, marijuana, methamphetamine, and Mexican-produced heroin available in the United States are smuggled into the country across the SWB. In addition, the SWB provides a nexus where three transnational threats converge: drug trafficking, alien smuggling, and terrorism. Terrorists could attempt to enter the U.S. or smuggle weapons of mass destruction (WMD) across the SWB by exploiting established routes and methods used by drug smugglers.

Increasingly, the methamphetamine available for distribution in the United States is smuggled from Mexico across the SWB, most commonly using Arizona and southern Texas as entry points.<sup>39</sup> The SWB is particularly vulnerable to drug smuggling because of the enormous volume of people and goods crossing the border that constitutes legitimate trade between the two countries. Moreover, large sections of the nearly 2,000 mile land border between Mexico and the United States are both remote and difficult to monitor. In addition to the 33 legitimate crossing points, the border includes hundreds of miles of open desert, rugged mountains, the Rio Grande River, and the associated coastal waters, which provide additional smuggling opportunities for DTOs.

In December 2005, EPIC's Gatekeeper Project was initiated to gather, research, analyze, and report information on the Mexican DTOs controlling entry corridors along the United States-Mexico border. Gatekeepers are defined as individuals who are located at and manage

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<sup>39</sup> "National Drug Threat Assessment 2006", National Drug Intelligence Center, January 2006.

geographically specific entry points along the United States-Mexico border, usually a major Mexican border town or city.<sup>40</sup> Gatekeepers generally operate at the behest of a Mexican DTO and enforce the will of the DTO through bribery, intimidation, extortion, beatings, and murder. Because of their location within geographically strategic corridors, they lend themselves to wide use by a number of drug and illegal immigrant traffickers. With few exceptions, the longevity of a gatekeeper is determined by his relationship to a particular DTO. This is particularly true with younger gatekeepers who are considered “expendable.” The more established gatekeepers have been co-opted by Mexican DTOs. These individuals are often left in place due to their extensive political and corrupt law enforcement contacts that facilitate smuggling operations, as well as their ability to mask illicit activities with legitimate businesses.

Command and control is typically exercised through frequent communication between the gatekeeper and principal subordinates. Reporting indicates many DTOs along the border are engaging in intelligence and counter-intelligence techniques, to include sophisticated surveillance and communications-intercept equipment to monitor U.S. and Mexican law enforcement. In addition, many gatekeeper organizations are comprised of tight family networks, making penetration and organizational dismantlement extremely difficult.

Incidents of violence and murder, much of which are drug-related, have remained at elevated levels in Mexico for almost two years, as the major Mexican DTOs in that country continue to vie for control of the lucrative drug smuggling corridors that lead to the United States. In 2005, murders more than doubled in Nuevo Laredo, Tamaulipas—from 65 murders in 2004 to at least 177 murders, including 19 active and former Municipal and Ministerial police officers. According to the Mexican press (*El Universal*), 2,221 people were killed in drug-related murders in Mexico in 2006, the highest total in 6 years. Border cities such as Ciudad Juarez, Nuevo Laredo, and Tijuana continue to experience much of the violence, but cities in the southern states of Guerrero, Michoacán, and Sinaloa have experienced an increase in violence as the drug-war has spread to other regions of the country. In 2006, two unusual violence trends that have proliferated throughout Mexico: the decapitation of victims and the use of fragmentation grenades to attack police stations.

To address these issues of drug smuggling and violence, DEA and Mexican officials have developed unprecedented cooperation in law enforcement efforts in recent years. Anti-corruption efforts and institutional reforms have increased DEA’s ability to share information and conduct joint investigations. Additionally, relations between Mexican authorities and DEA are at an all time high in terms of chemical control. Mexico has enhanced its Federal Commission for Protection Against Sanitary Risks (COFEPRIS), which has led to the integration of chemical control under a single department. COFEPRIS intends to reduce pseudoephedrine and ephedrine importation permits to 70 tons per year. This is an 80 ton reduction from the 2005 importation levels of 150 tons of these bulk substances and an aggressive action which bodes well for DEA’s future interaction with the agency.

This enhancement request will provide DEA with the resources necessary to properly attack the proliferation of methamphetamine and other drugs entering the U.S. through the SWB, including the gatekeepers who control the ports of entry. The production, trafficking, and abuse of

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<sup>40</sup> “Gatekeepers”, El Paso Intelligence Center (EPIC), April 2006.

methamphetamine are evolving problems that require innovative strategies and significant resources. Methamphetamine was previously only associated with long established markets in the Pacific, Southwest and West Central regions, but the availability of this illicit drug has recently increased in the Great Lakes, Northeast, and Southeast regions.<sup>41</sup> As the methamphetamine problem continues to spread across the country and production and distribution patterns change, DEA requires additional resources to predict trends, tackle the evolving DTOs, and prevent further spread of this drug.

There are two main components to this initiative:

1. A comprehensive strategy that uses sophisticated investigative technology to target methamphetamine manufactured in Mexico and smuggled across the SWB; and,
2. A coordinated and cooperative approach of intelligence gathering and sharing with law enforcement counterparts to stop the trafficking of methamphetamine and the illicit use of precursor chemicals in the production of methamphetamine.

## Justification

### *Methamphetamine and Southwest Border Investigative Technology*

For FY 2008, DEA requests \$23,912,000 in non-personnel funding to increase the technological sophistication of methamphetamine investigations and other drug trafficking along the SWB. Due to the success of regulation and enforcement efforts, the number of super labs seized in the U.S. has decreased from 143 in 2002, to 130 in 2003, 55 in 2004, 35 in 2005, and 13 in 2006 -- a 91 percent decrease from 2002 to 2006.<sup>42</sup> Many of the domestic super labs controlled by Mexican DTOs have been forced to relocate to Mexico. The resulting increase in production of methamphetamine in Mexico has been accompanied by an increase in U.S. law enforcement interdiction and seizures along the Southwest Border. Seizures of methamphetamine along the SWB increased by over 140 percent from 1.2 metric tons in CY 2001 to 2.9 metric tons in CY 2005.<sup>43</sup>

The SWB is crucial to DEA's efforts to contribute to the reduction of drug availability in the United States. Current drug and lab seizure data suggests that roughly 80 percent of the methamphetamine used in the United States comes from larger labs, increasingly in Mexico, and that approximately 20 percent of the methamphetamine consumed in this country comes from small toxic laboratories.

In support of addressing these issues, DEA requests funding to combat methamphetamine trafficking from Mexico through increased investigative and technological capabilities.

*Helicopters, High Definition Camera Systems, and Aviation Operations & Maintenance:* To support SWB operations, DEA requests \$15,440,000 in non-personnel funding to purchase 3 helicopters and 4 High Definition (HD) camera systems (for the 3 new helicopters and 1 existing

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<sup>41</sup> "National Drug Threat Assessment 2006", National Drug Intelligence Center, January 2006.

<sup>42</sup> Source: EPIC.

<sup>43</sup> Source: EPIC.

helicopter) and to enhance DEA's aviation maintenance program which provides funding for the aircraft maintenance contract, fuel, travel, and other operational requirements and recurring expenses. In combating the efforts of gatekeepers to guide shipments of methamphetamine and other illicit drugs across the vast expanse of the SWB, DEA will need to rely heavily on aviation support equipped with advanced surveillance tools. DEA's Aviation Division provides crucial mission support including surveillance capabilities, and assistance in investigations where undercover aircraft and pilots are required to gain the confidence of drug traffickers and build cases designed to disrupt or destroy their organizations. Additional helicopters would enhance the investigative capabilities of Special Agents located along the SWB by allowing DEA to provide more effective surveillance and collection of evidence for more investigations. The new helicopters would enhance DEA, State, and local investigative capabilities while contributing to interagency efforts to secure the SWB.

The HD camera systems will enhance the investigative capabilities of Special Agents located along the SWB by making surveillance and collection of evidence more effective and discrete. The high definition surveillance equipment installed in helicopters will provide three times the resolution of standard definition equipment, enabling more distant standoff with improved visual clarity. This enhanced standoff capability will allow Special Agents to detect and monitor illegal activity without the target becoming aware of the surveillance, even in the vast open spaces of the Southwest desert where conventional observation techniques are readily detected. The high quality video recorded will provide compelling evidence for use in criminal proceedings. In addition, the equipment has the ability to down link to mobile ground stations, providing real-time video surveillance by supervisors in the field. The HD cameras will enhance command and control capabilities and provide additional safety for Special Agents on the ground during operations by allowing supervisors to clearly see the movements and actions of suspects and law enforcement personnel during surveillance, raids, and arrests.

As in investigations of all drug types, DEA's Aviation Division provides mission critical assistance to DEA methamphetamine investigations including: (1) providing surveillance assistance and capabilities; (2) providing assistance in investigations where undercover aircraft and pilots are required; and, (3) by providing logistical support as required in controlled delivery and other enforcement situations. Funding for the maintenance contract will provide training, operation, and maintenance for equipment used along the SWB which supports initiatives such as Gatekeeper. This funding will be used to cover the increased cost of operations along the SWB, including air-to-ground surveillance and tracking, photography, videography, pre-post raid surveillance and command and control, controlled deliveries, and transportation of law enforcement personnel. Funding for DEA's Aviation Operations and Maintenance will allow the Aviation Division to continue its pivotal role in well-coordinated operations and intelligence collection efforts.

**Operations Joint Venture and Archangel:** DEA requests \$3,372,000 for ***Operations Joint Venture and Archangel***, which target radio communications of DTOs, and others involved in illegal activities along the SWB. The requested resources will purchase five wire band radio systems and five remotely located radio towers. Intercepted communications will be transported from these remote sites to the command center located at EPIC. ***Operation Joint Venture*** is a proposed multifaceted expansion of the EPIC Tactical Operations Section mission, which will provide force protection for DEA and other U.S. personnel assigned to DEA offices and U.S. Consulates in Tijuana, Nogales, Ciudad Juarez, Nuevo Laredo and Matamoros, Mexico. This will provide the U.S. Government and the Government of the Republic of Mexico with a real-

time intelligence collection and analysis operation that can monitor illicit activities along the United States/Mexico border. In addition, it will include vetted Agents of the Agencia Nacional Investigacion (AFI) to the EPIC-based operation.

***Operation Archangel*** teams provide direct support to law enforcement operations along the SWB by targeting the radio communications of DTOs. By providing the requested funding, ***Operation Archangel*** will be able to increase operational deployments which in turn would enhance enforcement interdiction and apprehension effectiveness along the SWB. For example, during the fall of 2005, an ***Operation Archangel*** team deployed to the Laredo, Texas area in support of DOJ directed ***Operation Border Unity***. The three week deployment further demonstrated the capabilities of ***Operation Archangel*** in providing significant coverage of illegal trafficking activities in the border area and the ability to effectively direct law enforcement assets to precise locations of cross-border trafficking activities as they took place, for interdiction action. ***Operation Archangel*** would be housed under the auspices of ***Operation Joint Venture***.

*Satellite Telephones*: DEA requests \$3,100,000 for improved satellite telephone and maritime tracking resources, as well as additional linguist funding and data collection capabilities. DTOs rely on large amounts of precursor chemicals originating in Europe, China or India to manufacture methamphetamine at Mexican-based "super labs". These chemicals are transported via commercial maritime vessels, and traffickers often use satellite telephones while on the high seas because they believe that this form of communication conceals their illegal activities. Traffickers that utilize go-fast boats to transit the Caribbean also frequently communicate by satellite telephones. While DEA has used satellite telephone intercepts and maritime tracking devices to successfully locate and seize vessels laden with drugs, satellite telephone intercepts are extremely costly. For example, there are instances where satellite telephone companies are not CALEA compliant and DEA must engineer an intercept solution to glean investigative information.

*Surveillance Equipment*: To effectively combat the growing levels of methamphetamine trafficking and abuse, DEA needs efficient investigative tools to effectively collect and disseminate evidence. Specifically, DEA requests \$2,000,000 in non-personnel funding for tracking, sensor, and audio/video surveillance equipment. Surveillance equipment is particularly crucial in an area like the SWB because it is a major point of entry with few realistic controls. Surveillance equipment, such as remote cameras, tracking devices, and alarms, are one of the only ways to cover such an expansive area. DEA field divisions along the SWB employ a variety of sophisticated audio and video surveillance equipment including mobile surveillance platforms, digital equipment with Internet connectivity, mobile x-ray equipment, microwave automated repeater systems, and scanners for monitoring radio frequencies. Much of this equipment is a "force multiplier" because agents do not need to be physically present to monitor the surveillance, which enables them to be more productively used elsewhere.

Besides audio and video surveillance equipment, DEA deploys a variety of tracking and sensor equipment to increase the effectiveness of methamphetamine investigations along the SWB. This type of equipment provides DEA the capability to identify and track individuals, containers, vessels, aircraft, and vehicles. It enables DEA to track and seize not only methamphetamine and other drugs, but also the proceeds from these drug sales as the money is smuggled back into Mexico or other countries of origin. However, tracking such vehicles and shipments requires use

of GPS and satellite tracking devices which DEA can use only intermittently due to lack of funds to purchase this equipment.

### *Methamphetamine and Southwest Border Intelligence Sharing*

For FY 2008, DEA requests \$6,071,000 (including \$9,525,000 in non-personnel funding and \$811,000 in personnel funding to be funded by the Diversion Control Fee Account) and 11 positions (including 1 Special Agent, 6 Intelligence Analysts, and 2 Diversion Investigators) to increase the effectiveness of SWB and methamphetamine investigations through increased intelligence gathering and sharing. Recent declines in domestic methamphetamine production have been offset by increased production in Mexico, which has maintained the distribution of the drug in established markets and facilitated the further eastward expansion of the drug in the U.S.<sup>44</sup> Mexico is the primary foreign source of methamphetamine and it is estimated that a majority of the methamphetamine distributed and available in the U.S. is manufactured in Mexico. Eight (8) of the 46 organizations on the FY 2006 CPOT list (17 percent) are engaged in methamphetamine trafficking and 7 of these 8 CPOTs are located in Mexico. At the end of FY 2006, there were 162 active DEA PTO investigations linked to those 8 CPOTs, of which 32 were active PTO investigations with methamphetamine as the primary drug type.

This change in production has created a greater need for intelligence sharing between the United States and Mexico. As a result, DEA and the Government of Mexico, in May of 2006, agreed to establish specialized methamphetamine enforcement teams on both sides of the border. In Mexico, these teams will focus on investigating and targeting the most wanted Mexican methamphetamine trafficking organizations, while DEA efforts on the U.S. side will focus on the methamphetamine traffickers and organizations transporting and distributing finished product being manufactured in Mexico.

EPIC serves as one of DEA's oldest and most important assets focused on the SWB. EPIC was initially created to improve the security along the SWB and is responsible for collecting, analyzing, and disseminating intelligence information related to drug, alien, and weapons smuggling. Over time, EPIC's role has broadened beyond the SWB, however, its strategic and operational importance to SWB activities for DEA and other federal, state, and local law enforcement agencies remains paramount. A recent example of DEA's contribution to the understanding of the drug threat posed by the SWB is EPIC's Gatekeeper Assessment released in April 2006. The EPIC Gatekeeper Assessment is the first in a series of reports produced for the purpose of developing a comprehensive understanding of drug movement through specific entry points along the United States-Mexico border, including the DTOs which control those entry points. The analysis of these organizations not only provides a better understanding of command and control, organizational structure, and methods of operations, but also serves as a guide for policymakers to initiate enforcement operations and prioritize operations by U.S. anti-drug elements.

Beyond targeting those who traffic and manufacture methamphetamine, DEA pursues those who traffic precursor chemicals used to produce this drug. While most methamphetamine found in the U.S. is manufactured in Mexico, the precursor chemicals used to make the drug come from all over the world. Most methamphetamine produced in Mexico and domestic super labs is made

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<sup>44</sup> "National Drug Threat Assessment 2006", National Drug Intelligence Center, January 2006.

with precursor chemicals imported from nations which manufacture bulk quantities of these chemicals and/or export vast amounts of pharmaceutical products containing these substances. China, Germany, and India, in particular, have large commercial chemical industries, which produce significant quantities of ephedrine and pseudoephedrine for the world market.

In support of addressing these issues of intelligence gathering and sharing, DEA requests funding to equip EPIC and Airwing with the resources needed to support DEA and other federal, State, and local law enforcement efforts along the SWB. DEA also requests DCFA funding to target the illegal use of precursor chemicals and increase the effectiveness of international methamphetamine investigations.

*EPIC Gatekeeper Project:* DEA requests \$612,000 and 6 Intelligence Analysts to continue and expand the EPIC Gatekeeper Project. The Gatekeeper Project was initiated to research, analyze, and report information on the Mexican drug-trafficking organizations controlling entry corridors along the United States-Mexico border. The assessment released in April 2006, is the first in a series of publications designed to provide investigative leads and strategic forecasting. The requested positions will support expanded intelligence collection efforts along the SWB, conduct briefings and be assigned to specific entry corridors areas of responsibility.

*EPIC Image Recognition and Management (IRM) Project:* DEA requests \$3,423,000 (including \$3,300,000 in non-personnel funding) and 2 positions to develop the IRM project in support of securing the SWB. Imagery and textual data from the DEA Fountainhead Project, the EPIC Fraudulent Documents Project, the National Seizure System, and available DEA aerial photography will support SWB enforcement by providing associated imagery and textual data pertaining to the “people” entity, such as name, date of birth, tattoos, vehicle, arrests, border-crossings, fraudulent birth certificates and gang-related information. In addition, the IRM Project will capture imagery and textual data related to drug packages and drug markings used by individual organizations as well as aerial images of land information. The IRM project will be fully integrated into the EPIC Open Connectivity Project, which continues to expand information sharing and technology capabilities to provide web-based access to approximately 1,800 Federal, State, and local partners on an annual basis.

DEA is requesting \$1,800,000 in non-personnel funding to issue a comprehensive contract to design, develop and implement the IRM to include integration into Open Connectivity, as well as integration of Commercial-Off-the-Shelf software and system testing, deployment, implementation and management. Further, due to the size of the images being captured, large storage capacity will be needed to house imagery data in support of this initiative. An additional, \$1,500,000 is requested to purchase 70 terabytes of storage capacity that will be used to ensure availability of imagery data.

*Mexican Methamphetamine Operation:* DEA’s goal is to significantly disrupt the flow of methamphetamine from Mexico into the U.S. DEA requests \$750,000 in non-personnel funding for a complex, multi-faceted operation to focus on methamphetamine production, trafficking, chemical diversion, money flow, and intelligence collection. An important component of this operation will target the supply of essential precursor chemicals and equipment utilized by methamphetamine trafficking and manufacturing organizations to facilitate their criminal activity.

**Operation White Fang:** *Operation Noble Hero*, based out of the Houston Field Division, will be expanded to *Operation White Fang* which will exploit opportunities to impact the clandestine methamphetamine trade across the entire southwest border. DEA requests \$325,000 in non-personnel funding for this operation. The mission of *Operation Noble Hero*, a Special Field Intelligence Program (SFIP), was to enhance the collection of strategic, operational, and tactical intelligence regarding the drug related violence along the U.S. and Mexico border. The primary objectives of this operation were to: (1) identify persons directly involved; (2) link the violence to persons and trafficking organizations for subsequent prosecution and asset seizure; and, (3) to identify and report current and expected trends involving violent organizations through the systematic debrief of cooperating defendants and sources who have pertinent information regarding violence. This SFIP targeted the two major Mexican drug cartels (CPOTs) that control the drug trafficking corridors leading from Mexico into South Texas, namely the Gulf Cartel (including Los Zetas) and the “Chapo” Guzman Organization. Originally trained by the Mexican military as a rapid response force to fight Mexican DTOs, Los Zetas defected to work for the Gulf Cartel. This force was initially assembled to kidnap and kill rival drug traffickers. More recently they have been responsible for numerous executions throughout Mexico, primarily in the border state of Tamaulipas, in efforts to protect their territory from rival cartels. *Operation White Fang* will focus particularly on the groups responsible for the drug related violence facilitated by the major Mexican cartels operating along the U.S./Mexico border.

In addition, DEA has identified EPIC as the central intelligence collection repository for the information collected under this SFIP. Related to this operation, DEA will develop and maintain a methamphetamine intelligence collection program at EPIC. The Intelligence Division will continue to prepare and disseminate survey instruments that require all domestic field divisions and foreign offices to answer specific questions related to the manufacture and trafficking of clandestinely produced methamphetamine in their areas of operation. This program will identify both the known and unknowns of the methamphetamine threat as well as identify gaps that need to be filled by focusing intelligence collection efforts.

**Operation Knight Moves:** DEA requests a programmatic enhancement of \$150,000 in non-personnel funding for the collection of intelligence on the smuggling, transportation, and crossing of narcotics through Mexico and along the Southwest Border. *Operation Knight Moves* funding provides for payments to Human Intelligence (HUMINT), investigative travel, and operational expenses.

Over the years, DEA has learned that the development of reliable HUMINT and the dissemination of actionable intelligence is the foundation of successful operations. *Operation Knight Moves* was initiated in 2002 by the DEA and the Defense Intelligence Agency (DIA) as a regional HUMINT collection program to develop maritime trafficking intelligence along the Western Caribbean Corridor and Eastern Pacific areas of Central America and Mexico. After a hiatus during FY 2004 and 2005, the operation was revived and expanded to include the collection of intelligence on the smuggling, transportation, and crossing of narcotics through Mexico and across the Southwest Border. The revised scope of the collection effort included intelligence on methods of transportation, crossing areas, smuggling techniques, stash locations, routes, and destinations. The program emphasizes the recruitment and development of HUMINT possessing information on transportation methods, such as railroad lines, storage yards, and trucking companies with a nexus to the SWB.

Long Beach, California Port: To further combat the diversion of precursor chemicals, DEA requests \$337,000 in personnel funding and 2 positions (including 1 Special Agent and 1 Diversion Investigator, both to be funded by the DCFA). These positions will work closely with the Department of Homeland Security's Customs and Border Patrol (CBP) to identify shipments of precursor chemicals from source countries destined for Mexico that are transiting the Long Beach, California facility. It has been determined that a considerable amount of the containerized cargo being shipped from the U.S. to Mexico transits the port of Long Beach. As such, smuggled illegitimate shipments of precursor chemicals will be targeted for further investigation and enforcement action, including controlled deliveries.

Foreign Diversion Investigator: In FY 2008, DEA requests \$474,000 in personnel funding and 1 Diversion Investigator to be located in Panama City and funded by the DCFA. Placing additional resources in Panama to target the smuggling of essential precursors will be invaluable since much of the containerized cargo transiting Central America passes through that country.

#### Impact on Performance (Relationship of Enhancement to Strategic Goals)

This program enhancement directly supports the Department of Justice's Strategic Objective 2.2: "Reduce the threat, trafficking, use and related violence of illegal drugs." Additionally, it directly supports DEA's overall goal of reducing the availability of illicit drugs in America by disrupting or dismantling the most significant DTOs. It will enable DEA to work with domestic and foreign counterparts to identify, target, investigate, and disrupt or dismantle DTOs across the globe.

With additional resources in FY 2008, DEA will be better prepared to fight the spread of methamphetamine. As the production of domestic methamphetamine slows, Mexican methamphetamine production is increasing. DEA requires additional staffing and operational resources to strengthen and expand programs and attack the drug flow at its source. Since the inception of the PTO program in FY 2001, DEA has disrupted 286<sup>45</sup> and dismantled 279 PTOs with methamphetamine as the primary drug type. With additional resources in FY 2008, DEA will have increased capabilities to pursue methamphetamine PTO investigations.

Furthermore, as the drug trafficking threat has increased along the SWB border, DEA has responded by increasing the number of agents in support of the SWB. Currently, DEA is authorized 62 Special Agents, 19 Intelligence Research Specialists, and 2 Diversion Investigators to work full-time in Mexico. Additionally, DEA is authorized 1,214 Special Agent positions to work in domestic offices along the SWB, representing approximately 23 percent of DEA's total authorized Special Agent positions. However, additional resources are required on the border due to the convergence of three transnational threats: drug trafficking, alien smuggling, and terrorism. Terrorists could attempt to enter the U.S. or smuggle WMD across the SWB by exploiting established routes and methods used by drug traffickers. Additionally, according to EPIC drug seizure data, most of the cocaine, marijuana, methamphetamine, and Mexican-source heroin available in the United States is smuggled into the country across the SWB from Mexico. Preliminary analysis of the data from the Consolidated Counterdrug Database (CCDB) reveals

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<sup>45</sup> Data as of 12/31/05. Disruptions include PTOs disrupted pending dismantlement, which DEA began to track and report in FY 2003.

that approximately 90 percent of the cocaine that departed South America for the United States in 2005 transited the Mexico/Central America Corridor.<sup>46</sup>

The manufacture, transport, distribution, and sale of illicit drugs and drug precursors have become an increasingly sophisticated and multinational enterprise. As a result, the criminal organizations that manage and operate these illegal enterprises are making use of advanced communications and control networks and cooperating with a variety of nationalities to move multiple illicit substances. To effectively counter these networks, DEA must carry out well-coordinated operations and intelligence collection efforts. DEA must also utilize more advanced communications intercepts, like satellite telephones, multi-platform surveillance devices (audio, video, tracking, and others), and aviation support. DEA's request includes resources that would enhance its overall investigative capabilities along the SWB by making surveillance and collection of evidence more effective. For example, the helicopters and high definition cameras requested would enhance command and control capabilities and provide additional safety for Special Agents on the ground during operations. Further, the cameras would enable captured images to be transmitted in real-time to lab top monitors being manned on the ground.

Surveillance equipment is critical to not only apprehending drug traffickers and their wares, it also can also allow for the seizure of their illegal proceeds. Bulk currency is the most widely used method of moving drug proceeds from U.S. markets to Mexican sources of supply. Current estimates by the National Drug Intelligence Center (NDIC) indicate that between \$8.3 billion and \$24.9 billion are returned annually to DTOs in Mexico. With increased cooperation from Mexican authorities, DEA has allowed money to travel back across the SWB to identify the criminal organization from where the money originated in the US, and follow it through the transient zone to the ultimate destination in Mexico. Following the money back to its source allows DEA to identify key links in DTOs. DEA works with Mexican counterparts to target organizations in Mexico through conventional investigative means and wire intercepts after the money trail has helped shed light on the DTO.

Since May 2006, DEA has recruited and paid HUMINT, and several seizures have been credited to these sources. For example, *Operation Knight Moves* played a role in a recent seizure of 7 tons of cocaine in Panama and a recent methamphetamine seizure in Guadalajara, Mexico. In the future, the performance of the operation will be measured by the number of sources recruited and by seizures resulting from information provided by HUMINT. The operation's performance will also be measured by the number of reports generated by the Department of Defense after interviewing DEA HUMINT. After these reports are vetted by DEA, they are disseminated throughout the Intelligence Community.

The SWB of the United States is the principal arrival zone for most illegal drugs smuggled into the United States. Increasingly, the methamphetamine distributed in the United States is smuggled from Mexico across the SWB. Drug smuggling is conducted using hidden compartments in cars and trucks, tunnels and aqueducts, backpackers on foot, lightweight aircraft and gliders, All Terrain Vehicles, package delivery services, motorized launches, and

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<sup>46</sup> The CCDB is a U.S. military, Intelligence Community, and U.S. law enforcement database used within the Interagency Assessment of Cocaine Movement (IACM) to measure transshipment of cocaine through the transit zones. The complete IACM for 2005 was published in May 2006.

floating rafts across the Rio Grande. Furthermore, the large volume of illicit drug proceeds, to which this translates to, is smuggled back into Mexico in the form of bulk currency. Huge illicit trafficking profits flow back to Mexican DTOs across our common border as frequent as the illicit drugs that are smuggled in. Currently, Mexico and the U.S. lack the resources to provide effective control of the 2,000 mile land border, as well as the maritime and air terminals that directly feed U.S. ports of entry. To effectively address these challenges, DEA proposes this initiative to attack the major Mexican based trafficking organizations on both sides of the border simultaneously by employing enhanced intelligence and enforcement initiatives and cooperative efforts with the Government of Mexico.

## Funding

### Base Funding

FY 2006 Enacted				FY 2007 Estimate				FY 2008 President's Budget Current Services			
Pos	Agents	FTE	\$000	Pos	Agents	FTE	\$000	Pos	Agents	FTE	\$000
0	0	0	\$65,342	0	0	0	\$65,342	0	0	0	\$65,342

### Personnel Increase Cost Summary

Type of Position	Modular Cost per Position (\$000)	Number of Positions Requested	FY 2008 Request (\$000)
Southwest Border and Methamphetamine Investigative Technology:			
<i>Total</i>		0	\$0
Southwest Border and Methamphetamine Intelligence Gathering:			
Special Agent (Domestic)	\$204	1	\$204
Diversion Investigator (Domestic)	\$133	1	\$133
Intelligence Analyst (Domestic)	\$102	6	\$612
Professional Administrative (Domestic)	\$62	2	\$123
Diversion Investigator (Foreign)	\$474	1	\$474
<i>Total</i>		11	\$1,546
<b>Total Personnel</b>		<b>11</b>	<b>\$1,546</b>

### Non-Personnel Increase Cost Summary

Non-Personnel Item	Unit Cost	Quantity	FY 2008 Request (\$000)
Southwest Border and Methamphetamine Investigative Technology:			
Helicopters, High Definition Camera Systems, and Aviation Operations and Maintenance			\$15,440
<i>Operation Joint Venture and Archangel</i>			\$3,372
Satellite Telephones			\$3,100
Surveillance Equipment			\$2,000
<i>Total</i>			\$23,912
Southwest Border and Methamphetamine Intelligence Gathering:			
EPIC - Image Recognition and Management (IRM) Project			\$3,300
Mexican Methamphetamine Operation			\$750
<i>Operation White Fang</i>			\$325
<i>Operation Knight Moves</i>			\$150
<i>Total</i>			\$4,525
<b>Total Non-Personnel</b>			<b>\$28,437</b>

### Total Request for this Item

Item	Pos	Agents	FTE	Personnel (\$000)	Non-Personnel (\$000)	Total (\$000)
Current Services	0	0	0	\$0	\$65,342	\$65,342
Increases	11	1	6	\$1,546	\$28,437	\$29,983
<b>Grand Total</b>	<b>11</b>	<b>1</b>	<b>6</b>	<b>\$1,546</b>	<b>\$93,779</b>	<b>\$95,324</b>

**Item Name:** Counterterrorism and Intelligence Sharing

Budget Decision Units: Domestic Enforcement  
Foreign Enforcement

Strategic Goals & Objectives: Goal II; Objective 2.2

Organizational Program: Intelligence Division  
Operations Division  
Operational Support Division

Program Increase: Pos: 7 Agents: 1 FTE: 4 Dollars: \$7,124,000

Description of Item

DEA requests 7 positions (including 1 Special Agent and 2 Intelligence Analysts) and \$7,124,000 (including \$6,123,000 in non-personnel funding) to improve information sharing with the Intelligence Community (IC) and other law enforcement agencies in order to enhance our Nation's efforts in reducing the supply of drugs, protecting our national security, and combating global terrorism; establish base-funding for DEA's *Operation Breakthrough*; and support the Department of Justice's new national anti-gang task force.

Justification

In February 2006, the Attorney General and the Director of National Intelligence (DNI) signed a joint memorandum designating the Office of National Security Intelligence (NN) in DEA's Intelligence Division as a member of the Intelligence Community (IC). IC membership, while mostly formalizing an existing relationship, will help ensure that DEA is fully committed to doing everything it can to contribute to the protection of our nation from all matter of threats. DEA is committed to sharing intelligence with members of the IC and other law enforcement agencies to enhance efforts to reduce the flow of drugs into the United States. Further, with DEA's leading role in the OCDETF Fusion Center, its Special Operations Division and EPIC, and its State and Local Task Force Program, the need for expansive information sharing networks has never been greater.

In order to further develop DEA's classified IT infrastructure; be able to better collect, analyze, and predict drug production; and be included in the National Gang Targeting, Enforcement, and Coordination Center (GangTECC); DEA is requesting the following FY 2008 programmatic enhancements.

*Merlin:* DEA requests a programmatic enhancement of \$5,970,000 in non-personnel funding for DEA's classified infrastructure. Merlin is the primary component of DEA's classified infrastructure and provides the single point of connectivity between DEA offices for rapid transmission of, and access to, classified investigative and intelligence information. This ability is critically important to all domestic and foreign DEA offices. Merlin is the gateway to the classified infrastructure within DEA that enables the Intelligence Analysts and Special Agents to perform their duties in a secure environment. Merlin will provide DEA's National Security Section (NN) with the secure communications infrastructure that is required to communicate IC

requests to both domestic and foreign DEA Field Offices in a classified environment. Merlin also provides DEA users with their only access to a variety of systems and tools that are widely used to support DEA investigations and intelligence programs.

Currently, base funding only supports a technical refresh cycle of 5 to 6 years for Merlin, not including essential supporting equipment such as encryptors, switches, and plotters. For example, Merlin has experienced poor communications over the past 2 years, in part because the encryptors that the system relies on are over 6 years old, and no longer supported by the manufacturer. The requested enhancement will address both technology refresh to ensure that every office is upgraded every four years, as well as the shortfall in O&M costs.

**Operation Breakthrough**: DEA requests a programmatic enhancement of \$950,000 (including \$153,000 in non-personnel funding) and 6 positions (including 2 Intelligence Analysts) to establish permanent base-funding for ***Operation Breakthrough***. Because change is the only constant in the drug trade, ***Operation Breakthrough*** requires resources to study new coca and opium poppy growing regions that emerge, as well as study established growing areas that have been previously denied to researchers due to security risks and resource limitations.

DEA's ***Operation Breakthrough*** provides the U.S. government with a science-based methodology for estimating potential drug crop yields and drug laboratory efficiencies. Since 1993, ***Operation Breakthrough*** has: interviewed over 2,100 coca farmers and 1,000 opium farmers; taken biomass measurements from over 1,500 coca harvests and 600 opium poppy harvests; interviewed 274 cocaine processors and 160 heroin processors; collected over 12,000 coca leaf and opium samples for DEA forensic analysis; and conducted multi-week laboratory simulations in Bolivia, Colombia, Peru, and the United States. In addition, DEA currently is in the initial stages of conducting a feasibility assessment for an Afghan heroin laboratory efficiency study. The first step of this multi-year project will be to identify, recruit, and interview at least 60 sources of information experienced in Afghan heroin processing.

***Operation Breakthrough*** teams are composed of DEA Intelligence Analysts, Forensic Chemists, Diversion Investigators, and local scientists under contract to DEA. These teams collect and analyze coca leaf and soil samples to determine coca leaf alkaloid content, conduct coca field surveys to measure coca leaf yields per hectare, and interview coca farmers to record crop yields and farming techniques throughout the Andean Region. ***Operation Breakthrough*** performs a minimum of 6 deployments each year to assess the crops in the region. Each deployment lasts a minimum of one week.

**National Gang Targeting, Enforcement, and Coordination Center (GangTECC)**:

DEA requests one Special Agent position and \$204,000 for the Department of Justice's (DOJ) new national anti-gang task force, which is comprised of multiple DOJ components and aimed at facilitating law enforcement strategies and operations across agency lines. In February 2006, the Attorney General (AG) unveiled the Department of Justice's strategy to combat gang violence across America, based on both focused prevention programs and strict enforcement policies.

Gangs have become an increasing and pervasive threat to our nation's security, as well as the safety of our communities. The 2006 National Drug Threat Assessment articulates a nexus between organized gangs and drug trafficking: gangs commonly use drug trafficking as a means to finance their criminal enterprise. Many gangs have evolved from turf-oriented entities to profit-driven, organized criminal enterprises whose activities include not only retail drug

distribution but also other aspects of the trade, including smuggling, transportation and wholesale distribution.<sup>47</sup>

Per the Attorney General's direction, GangTECC represents a unified federal effort to help disrupt and dismantle the most violent gangs in the United States. GangTECC assists in initiating gang-related investigations, coordinating gang-related investigations and prosecutions, developing a refined understanding of the national gang problem and proposing appropriate countermeasure strategies, and supporting the National Gang Intelligence Center. The Deputy Attorney General has directed several DOJ law enforcement components to assign agents to GangTECC, and DEA is directed to assign at least one experienced agent to this effort.

#### Impact on Performance (Relationship of Increase to Strategic Goals)

Information sharing initiatives, such as Merlin, will allow DEA to improve the flow of information to and from other federal, state, and local law enforcement agencies. Intelligence Analysts need accurate and timely information to link individuals, money, and drugs to the higher level PTOs and CPOTs. These links will allow DEA to identify, dismantle, and disrupt these drug trafficking organizations. Furthermore, the efficiencies of these tools will allow DEA to redirect resources spent on administrative tasks to drug enforcement activities.

Resources are needed to maintain the current intelligence analysis capabilities of Merlin, and to ensure that all Merlin workstations properly support the advanced software and intelligence tools available. Since its deployment as DEA's delivery tool for classified information, Merlin has significantly improved the speed at which information is shared among users. Prior to Merlin, the transmission of one 3-page lead took 15 minutes to fax using a secure line. Approximately 10 leads were faxed per day, for a total of 150 minutes faxing time. When the 15-minute typing time for the retrieval forms at both the sender and the receiver are calculated, the total time required to send 10 leads was 7.5 hours. By distributing leads through Merlin, the same 10 leads are currently delivered in less than 3 minutes.

***Operation Breakthrough*** has revolutionized the U.S. government's collective understanding of the illicit drug production threat in the Andean Region, and has provided policy makers and the counter drug intelligence community with the hard data needed to accurately assess the drug flow to the United States. The success of ***Operation Breakthrough*** in the Andean Region has led DEA and its counterpart agencies to expand the program to Central Asia.

Gangs have become an increasing threat to our nation's security and the safety of our communities. The 2006 National Drug Threat Assessment cites a nexus between organized gangs and drug trafficking. The 2005 National Drug Threat Survey data indicate that the percentage of state and local law enforcement agencies reporting that street gangs were involved at some level in drug distribution in their jurisdictions increased from 44.6 percent in 2003 to 51.9 percent in 2005; for outlaw motorcycle gangs, the increase over the same time period was from 29.8 percent to 34.7 percent. Overall, 31.6 percent of respondents to the 2005 National Gang Threat Assessment indicated that gangs were highly involved in drug distribution at the retail level, while 28.6 percent indicated at least moderate involvement.

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<sup>47</sup> National Drug Threat Assessment 2006, National Drug Intelligence Center, US Department of Justice.

## Funding

### Base Funding

FY 2006 Enacted				FY 2007 Estimate				FY 2008 President's Budget Current Services			
Pos	Agents	FTE	\$000	Pos	Agents	FTE	\$000	Pos	Agents	FTE	\$000
7	0	6	\$11,252	7	0	7	\$11,318	7	0	7	\$11,374

### Personnel Increase Cost Summary

Type of Position	Modular Cost per Position (\$000)	Number of Positions Requested	FY 2008 Request (\$000)
<i>Operation Breakthrough</i>			
Intelligence Analyst	\$102	2	\$204
Chemist	\$239	2	\$478
Professional/Administrative	\$62	1	\$62
Technical/Clerical	\$54	1	\$54
<i>Total</i>		6	\$797
GangTECC			
Special Agent	\$204	1	\$204
<b>Total Personnel</b>		<b>7</b>	<b>\$1,001</b>

### Non-Personnel Increase Cost Summary

Non-Personnel Item	Unit Cost	Quantity	FY 2008 Request (\$000)
<i>Operation Breakthrough</i>			\$153
GangTECC			\$0
Merlin			\$5,970
<b>Total Non-Personnel</b>			<b>\$6,123</b>

### Total Request for this Item

	Pos	Agents	FTE	Personnel (\$000)	Non-Personnel (\$000)	Total (\$000)
Current Services	7	0	7	\$349	\$11,025	\$11,374
Increases	7	1	5	\$1,001	\$6,123	\$7,124
<b>Grand Total</b>	<b>14</b>	<b>1</b>	<b>12</b>	<b>\$1,350</b>	<b>\$17,148</b>	<b>\$18,498</b>

<b>Item Name:</b>	<b>Online Investigations</b>
Budget Decision Unit:	Domestic Enforcement
Strategic Goal & Objective:	Goal II; Objective 2.2
Organizational Program:	Office of Investigative Technology and Digital Evidence Laboratory
Program Increase:	Pos: <u>0</u> Agents: <u>0</u> FTE: <u>0</u> Dollars: <u>\$3,020,000</u>

#### Description of Item

DEA requests \$3,020,000 in non-personnel funding to support Internet investigations. This enhancement provides funding for Internet intercept capabilities and computer forensics support.

#### Justification

DEA's successful efforts at targeting Internet traffickers have been highlighted by recent takedowns of Internet pharmacies in *Operation Cyber Chase* and *Operation Cyber RX* and Internet steroids traffickers in *Operation Gear Grinder*. However, rogue online pharmacies are not the only example of Internet facilitated drug trafficking. There are increasing instances where traditional drug trafficking organizations rely on the use of the Internet to facilitate their drug trafficking and money laundering activities. The analysis of Southwest Border investigations indicates that CPOTs in Colombia and Mexico are using Hotmail, Yahoo, and other e-mail accounts. Traffickers are also switching to advanced Internet communications such as Voice over Internet Protocol (VoIP), wireless handheld devices, instant messaging, and encrypted e-mail.

During a recent DEA investigation, *Operation Holdfast*, one of the targets utilized e-mail to communicate with organizational members in the United States and Colombia. The targets used e-mail to pass telephone numbers and logistics information related to maritime vessels used by the drug trafficking organization to transport drugs from Colombia into the Caribbean for transshipment into the United States. Intercepts of Internet communications, including e-mail and VoIP, led to the seizure of 2.2 tons of cocaine and identification of more than a dozen organization members. Internet targeting enabled DEA and its foreign law enforcement counterparts to initiate wire intercept investigations in five countries, including the United States.

In order to remain on the forefront of technological changes used to traffic illicit narcotics, DEA needs to invest in improving and expanding its Internet investigative technologies. For FY 2008, DEA request the following enhancements in order to increase Internet investigations:

*Combating Emerging Internet Capabilities:* DEA requests \$1,000,000 in non-personnel funding to improve and expand its Internet investigative technologies to combat the evolving methods used by drug trafficking organizations. DEA's Office of Investigative Technology, is responsible for the design, development and implementation of technical solutions for the lawful intercept of Internet facilitated communications utilized drug trafficking organizations. The

complexity and costs of a single data network intercept is often overwhelming for law enforcement. Additionally, the use of encrypted communications by drug trafficking organizations is becoming more prevalent. Traditional technologies available to law enforcement for data network intercepts are vulnerable to organizations that utilize multiple access points for data communications or encrypt their communications using high level encryption protocols.

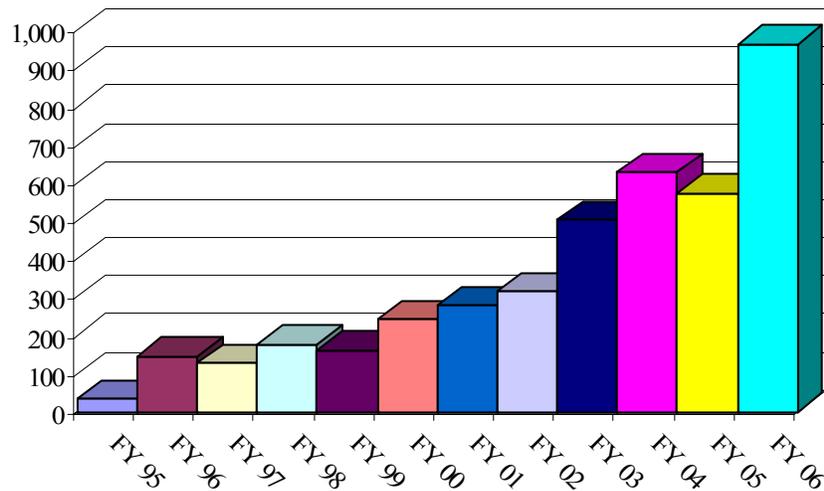
This funding will be used to develop and purchase intercept solutions for emerging Internet technologies, including data intercept solutions that can be placed on a targeted computer to covertly capture all communications authorized by a Title III court order. Since the intercept solution actually resides on a subject's computer, mobility of a target that accesses the Internet through multiple service providers can be overcome. Also, encrypted communications can be intercepted as the software is able to capture communications in their unencrypted state, rather than when they are in transit and secure.

This tool will provide DEA with the technical capacity to address certain types of communications that can not be intercepted through conventional methods. There are several ongoing investigations that have been adversely impacted by the use of encryption by the targeted organizations. The inability to address these encrypted communications has allowed the criminal organizations to operate with impunity and prohibited the intercept from realizing its full investigative potential.

*Permanent Connectivity of DEA Field Divisions to Major ISPs:* DEA requests \$1,500,000 in non-personnel funding to provide operational funding for Internet intercept capabilities. In order to intercept e-mail or other Internet communications for Pen Traps or Title IIIs, DEA must connect to the target's ISP. This funding will allow DEA's Office of Investigative Technology to connect DEA Field Divisions to major Internet Service Providers (ISPs) using a secure, dedicated network. This network will facilitate the collection of Internet communications pursuant to Pen Traps and Title III intercepts. DEA has met with leaders in the data communications industry who have embraced the idea of creating a secure network to facilitate court order requests, rather than continue on the current path of creating a new connection for every court order. The creation of this network will expedite the implementation time required for each intercept as well as eliminate the need for repetitive travel to install network intercept equipment.

*Computer Forensics:* DEA requests \$520,000 in non-personnel funding for computer forensics support. This type of support is critical to the successful outcome of Internet Investigations. Investigations involving Internet communications and remote server data storage are technically complex and are often time sensitive, requiring deployment at multiple locations simultaneously. Without additional resources, DEA will experience significant delays in supporting Internet-related investigative prosecutions. The current backlog for exhibit review averages 4 months, with the oldest case being 9 months behind schedule. As of the end of the first quarter of FY 2007, 81 cases (434 exhibits) remain in the backlog. Digital evidence exhibit submissions to the DEA increased by 96 percent Digital Evidence Laboratory in FY 2006. The trends shown in the chart below make it imperative that the additional resources be provided to avoid any further increase to the current backlog.

**DEA Digital Evidence Laboratory  
Computer Evidence Submissions**



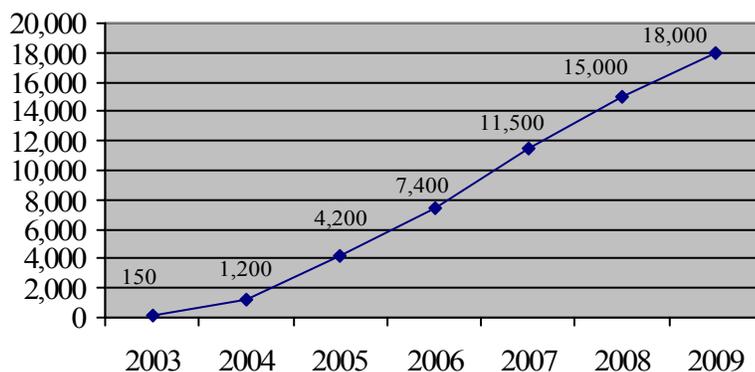
This funding for computer forensics support, along with funding from the Diversion Control Program, will be used for two purposes: 1) the installation of a 40 terabyte Storage Area Network (SAN) and 2) the purchase of blade servers to replace the desktop units each examiner currently uses to examine evidence. Once installed, the SAN will allow immediate access to archived copies of stored digital data from computers, servers, cell phones, Personal Digital Assistants (PDAs), and other devices and the resulting investigative data recovery. Approximately 50 percent of all computer forensics submissions originate from Internet web hosts, rouge Internet pharmacies, or other businesses and consist of enormous databases containing terabytes of e-mail, financial, and business information. A SAN is necessary for the timely examination of these extremely large databases. Additionally, a SAN will allow DEA to provide electronically stored digital evidence to other law enforcement organizations if necessary, maintain digital evidence data redundancy in cases of local or national emergency, and enhance overall evidence control and accountability through automated data access mechanisms.

Impact on Performance (Relationship of Increase to Strategic Goals)

DEA focuses its resources to disrupt and dismantle the largest drug trafficking organizations. As the use of Internet-based communications rises, so does the use of these communication methods by drug trafficking organizations. The use of Internet-based communications is growing exponentially. For example, the Telecommunications Industry Association estimates that the use of VoIP (one method of making phone calls over the Internet) is growing at 44 percent each year and will reach 18 million residential subscribers by 2009.<sup>48</sup>

<sup>48</sup> Telecommunications Industry Association’s 2006 Telecommunications Market Review and Forecast

### U.S. Residential VoIP Subscribers (in thousands)



It is anticipated that the Internet-related caseload will continue to increase as more drug trafficking organizations expand their online activities and the use of Internet facilitated communications. It is imperative that DEA remain at the forefront of the latest Internet technology and training in order to address the increasing caseload. It is also important that DEA continue to use the latest intelligence gathering techniques to address the demands of Internet-related investigations already underway.

As DEA moves to increase Internet-based investigations, more equipment, training, and support are needed to sustain this effort. Internet investigations, by nature, are complex and multifaceted. Effectively addressing the need for resources requires enhancement of several different areas. The areas of investment will allow for greater connectivity for SOD-coordinated investigations, enhance undercover capacities, and implement technologies that agents have been trained to use, but currently lack in many field offices.

The Online Investigations Initiative will allow DEA to address current caseload requirements as well as future anticipated growth in this rapidly expanding field. Moreover, DEA will expand its coordination capabilities, centralize important functions currently done on an individual case or division basis, and enhance the investigative focus on disruption and dismantlement of major trafficking organizations. Only recently have tools that effectively address the criminal activity on the Internet become available to law enforcement, and DEA needs to capitalize on these improvements in technological investigations to ensure agency-wide coordination of criminal and diversion enforcement activities. These investments in technology and staffing will save DEA from future financial burdens of centralizing functions and addressing investigative shortcomings as drug traffickers continues to expand their operations and communication through the Internet.

## Funding

### Base Funding

FY 2006 Enacted				FY 2007 Estimate				FY 2008 President's Budget Current Services			
Pos	Agents	FTE	\$(000)	Pos	Agents	FTE	\$(000)	Pos	Agents	FTE	\$(000)
21	1	21	\$5,177	21	1	21	\$5,242	21	1	21	\$5,161

### Personnel Increase Cost Summary

Type of Position	Modular Cost per Position (\$000)	Number of Positions Requested	FY 2008 Request (\$000)
<b>Total Personnel</b>		<b>0</b>	<b>\$0</b>

### Non-Personnel Increase Cost Summary

Non-Personnel Item	Unit Cost	Quantity	FY 2008 Request (\$000)
Intercept Capabilities	N/A	N/A	\$1,000
Connection to ISPs	N/A	N/A	\$1,500
Computer Forensics SAN	N/A	N/A	\$520
<b>Total Non-Personnel</b>			<b>\$3,020</b>

### Total Request for this Item

	Pos	Agents	FTE	Personnel (\$000)	Non-Personnel (\$000)	Total (\$000)
Current Services	21	1	21	\$3,019	\$2,142	\$5,161
Increases	0	0	0	\$0	\$3,020	\$3,020
<b>Grand Total</b>	<b>21</b>	<b>1</b>	<b>21</b>	<b>\$3,019</b>	<b>\$5,162</b>	<b>\$8,181</b>

**c. Results of Program Assessment Rating Tool (PART) Reviews**

Please refer to page 8 in the Overview.

### C. State and Local Assistance

<b>State &amp; Local Assistance</b>	<b>Perm Pos.</b>	<b>FTE</b>	<b>Amount</b>
2006 Enacted w/ Rescissions and Supplementals	347	340	\$ 80,540,000
2007 Estimate	135	130	50,764,000
Adjustments to Base and Technical Adjustments <sup>1</sup>	(18)	(18)	(11,036,000)
2008 Current Services	117	112	39,728,000
2008 Program Increases	-	-	-
2008 Offsets	(83)	(80)	(20,578,000)
2008 Request	34	32	19,150,000
<b>Total Change 2007-2008</b>	<b>(101)</b>	<b>(98)</b>	<b>\$ (31,614,000)</b>

<sup>1</sup> Current services positions and FTEs by specific program within each decision unit reflect estimates that may change once final staffing decisions have been determined.

#### 1. Program Description

Through its expertise and leadership, DEA continues to support State and local efforts with specialized programs aimed at reducing the availability of drugs. In FY 2008, DEA will provide direct assistance to State and local law enforcement through its State and Local Law Enforcement Officer Training program. Further, DEA will provide assistance on a reimbursable basis to State and local agencies through the Office of Justice Program's (OJP's) and DOJ's Assets Forfeiture Fund's (AFF's) Domestic Cannabis Eradication/Suppression Program (DCE/SP).

As the nation's preeminent drug law enforcement organization, DEA has the responsibility to respond to the drug enforcement training needs of the U.S. law enforcement community. Each law enforcement officer trained to conduct narcotics investigations contributes to the nationwide counterdrug effort. By teaching others the methodologies and techniques of drug enforcement, DEA is able to expand drug enforcement across the United States in a very cost-effective manner.

The DCE/SP is a nationwide law enforcement program exclusively targeting marijuana. DEA administers the program through Reimbursement Agreements with OJP and AFF. The program funds operational plans for eradication campaigns and suppression programs.

In addition to the three programs cited above, DEA currently provides assistance to State and local agencies through its Demand Reduction program.

**2. PERFORMANCE AND RESOURCES TABLE**

**Decision Unit: State and Local Assistance**

**DOJ Strategic Goal II: Enforce Federal Laws and Represent the Rights and Interests of the American People.**

**Strategic Objective 2.2: Reduce the threat, trafficking, use, and related violence of illegal drugs.**

<b>WORKLOAD/ RESOURCES</b>		<b>Final Target</b>		<b>Actual</b>		<b>Estimate</b>		<b>Changes</b>		<b>Requested (Total)</b>			
		<b>FY 2006</b>		<b>FY 2006</b>		<b>FY 2007</b>		<b>Current Services Adjustments and FY 2008 Program Changes<sup>6</sup></b>		<b>FY 2008 Request</b>			
<b>Workload: Varies by Program</b>													
<b>Total Costs and FTE</b> (reimbursable FTE are included, but reimbursable costs are bracketed and not included in the total)		<b>FTE</b>		<b>\$000</b>		<b>FTE</b>		<b>\$000</b>		<b>FTE</b>		<b>\$000</b>	
		354	\$ 80,540 [\$18,250]	354	\$ 80,540 [\$18,250]	144	\$ 50,764 [\$13,250]	(109)	\$ (31,614) [\$0]	35	\$ 19,150 [\$13,250]		
<b>TYPE/ STRATEGIC OBJECTIVE</b>	<b>PERFORMANCE</b>	<b>FY 2006</b>		<b>FY 2006</b>		<b>FY 2007</b>		<b>Current Services Adjustments and FY 2008 Program Changes</b>		<b>FY 2008 Request</b>			
<b>Program Activity</b>	1. State and Local Training/Domestic Cannabis Eradication/Suppression Program/MET	<b>FTE</b>	<b>\$000</b>	<b>FTE</b>	<b>\$000</b>	<b>FTE</b>	<b>\$000</b>	<b>FTE</b>	<b>\$000</b>	<b>FTE</b>	<b>\$000</b>		
		314	\$ 71,240 [\$18,250]	314	\$ 71,240 [\$18,250]	144	\$ 48,439 [\$13,250]	(109)	\$ (31,614) [\$0]	35	\$ 16,825 [\$13,250]		
<b>Performance Measure</b>	# of State and Local Law Enforcement Officers Trained	36,605		41,313		37,000		0		37,000			
<b>Performance Measure</b>	# of State and Local Law Enforcement Officers Trained in Clandestine Laboratory Enforcement <sup>1</sup>	805		1,077		1,000		0		1,000			
<b>Performance Measure</b>	MET Deployments Initiated/Completed <sup>2</sup>	32/26		31/26		15/12		0		0			
<b>Performance Measure</b>	# of Marijuana Plants Eradicated (Includes Plants Cultivated Indoors and Outdoors) <sup>3</sup>	3,600,000		5,029,317		3,600,000		0		3,600,000			
<b>Program Activity</b>	2. Demand Reduction	<b>FTE</b>	<b>\$000</b>	<b>FTE</b>	<b>\$000</b>	<b>FTE</b>	<b>\$000</b>	<b>FTE</b>	<b>\$000</b>	<b>FTE</b>	<b>\$000</b>		
		40	\$ 9,300 [0]	40	\$ 9,300 [0]	0	\$ 2,325 [0]	0	\$ - [\$0]	0	\$ 2,325 [0]		
<b>Performance Measure</b>	Percent of total demand reduction-related activities that result in demonstrable changes (Levels I and II Impact) <sup>4</sup>	45%		57%		30%		0		30%			
<b>OUTCOME</b>	Contribution to DOJ's Goal to Reduce the Availability of Drugs in America <sup>5</sup>	TBD		TBD		TBD		TBD		TBD			

<sup>1</sup> The number of State and Local Law Enforcement Officers trained in Clandestine Laboratory Enforcement is a subset of the total number of State and Local Law Enforcement Officers trained.

<sup>2</sup> In FY 2007, DEA proposes to reduce the MET program by approximately half to enable DEA to focus its effort on disrupting and dismantling Priority Targets. DEA will use the remaining MET funds to focus on Priority Targets including methamphetamine trafficking organizations.

<sup>3</sup> Actual performance for the DCE/SP is reported on the calendar year. Actual CY 2006 performance reflects data provided by local agencies as of October 31, 2006. Final CY 2006 data will not be available until March 2007. CY 2007 and 2008 targets assume continuing support from DoD and DOJ's Office of Justice Programs (OJP) as well as no significant change to the current marijuana threat.

<sup>4</sup> In FY 2007, the President's Budget proposes to reduce the Demand Reduction Program.

<sup>5</sup> One of DOJ's Goals is to reduce drug availability in America by 10% by 2008. DEA is developing a methodology to determine its contribution as discussed in section 3.a. of Performance, Resources, and Strategies.

<sup>6</sup> Current services positions and FTEs by specific program within each decision unit reflect estimates that may change once final staffing decisions have been determined.

Note: As part of a Department-wide effort to streamline performance measures, the following measures were removed from the State and local Assistance Performance and Resources Table in the FY 2008 DEA budget submission: Number of Arrests Directly Related to the Investigation and Eradication of Domestically Cultivated Marijuana and Dollar Amount of Seizures Directly Related to the Investigation and Eradication of Domestically Cultivated Marijuana. However, these measures will continue to be tracked for internal reporting by DEA program offices.

**State and Local Training**

**Data Definition:** The DEA Training Academy receives quarterly training data from the field on training provided by Division Training Coordinators. The field data is combined with the data generated by the DEA Training Academy and reported quarterly based on the fiscal year.

**Data Validation and Verification:** Data is reviewed upon receipt, but only technical or unusual deviations are checked.

**Mobile Enforcement Team (MET)**

**Data Definition:** MET group supervisors located in DEA's 21 Field Divisions complete a monthly statistical report and send it to staff coordinators in the Office of Enforcement's Regional/Local Section (OER). These reports are due to OER by the 5th of each month for the previous month's activities.

**Data Validation and Verification:** The data is reviewed and verified by the OER staff coordinators, compiled into monthly reports by a program analyst, and approved by the OER Section Chief.

**Domestic Cannabis Eradication/Suppression Program**

**Data Definition:** DCE/SP participants submit data monthly to DEA's DCE/SP coordinators in the field. This data is compiled by DEA's DCE/SP coordinators and submitted to Headquarters in a monthly report. Data is tabulated for publication annually based on the calendar year.

**Data Validation and Verification:** Data is reviewed upon receipt, but only technical or unusual deviations are checked.

**Demand Reduction**

**Data Definition:** DRCs in the field complete daily activity summaries which are compiled quarterly for submission to Regional Coordinators at Headquarters.

**Data Validation and Verification:** The number of activities regarding demonstrable changes in policies and public presentations are maintained by the Demand Reduction Regional Coordinators at Headquarters. The Office of Congressional and Public Affairs Demand Reduction Section (CPD) Chief verifies the data reported and then reports it on or before the 15th of the first month following the end of a fiscal quarter.

**PERFORMANCE MEASURE TABLE**

**Decision Unit: State and Local Assistance**

Performance Report and Performance Plan Targets		FY 2000	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006		FY 2007	FY 2008
		Actual	Actual	Actual	Actual	Actual	Actual <sup>3</sup>	Target	Actual	Target	Target
<b>Performance Measure</b>	# of State and Local Law Enforcement Officers Trained	37,605	44,630	37,148	41,021	34,183	41,853	36,605	41,313	37,000	37,000
<b>Performance Measure</b>	# of State and Local Law Enforcement Officers Trained in Clandestine Laboratory Enforcement <sup>1</sup>	1,526	1,049	1,275	1,573	1,029	1,043	805	1,077	1,000	1,000
<b>Performance Measure</b>	MET Deployments Initiated/Completed <sup>2</sup>	52/52	47/47	47/47	33/31	36/30	39/40	32/26	31/26	15/12	15/12
<b>Performance Measure</b>	# of Marijuana Plants Eradicated (Includes Plants Cultivated Indoors and Outdoors) <sup>3</sup>	2,814,903	3,304,760	3,341,840	3,651,106	3,200,121	4,209,086	3,600,000	5,029,317	3,600,000	3,600,000
<b>Performance Measure</b>	Percent of total demand reduction-related activities that result in demonstrable changes (Level I and II Impact)	N/A	N/A	N/A	N/A	N/A	56%	45%	57%	0	0
<b>OUTCOME Measure</b>	Contribution to DOJ's Goal to Reduce the Availability of Drugs in America	N/A	N/A	TBD	TBD	TBD	TBD	TBD	TBD	TBD	TBD

<sup>1</sup> The number of State and Local Law Enforcement Officers trained in Clandestine Laboratory Enforcement is a subset of the total number of State and Local Law Enforcement Officers trained.

<sup>2</sup> For FY 2000 through FY 2003, MET deployment completions were credited to the fiscal year in which the deployment was initiated, even if completed after the end of the fiscal year. As a result, 12 MET completions included in FY 2003 completions were actually completed during FY 2004. Since the change in reporting MET completions was implemented in FY 2004, these 12 completions are also included in the FY 2004 totals for MET deployments completed.

<sup>3</sup> Actual performance for the DCE/SP is reported on the calendar year. Actual CY 2006 performance reflects data provided by local agencies as of October 31, 2006. Final CY 2006 data will not be available until March 2007. CY 2007 and 2008 targets assume continuing support from DoD and DOJ's Office of Justice Programs (OJP) as well as no significant change to the current marijuana threat.

Note: As part of a Department-wide effort to streamline performance measures, the following measures were removed from the State and local Assistance Performance and Resources Table in the FY 2008 DEA budget submission: Number of Arrests Directly Related to the Investigation and Eradication of Domestically Cultivated Marijuana and Dollar Amount of Seizures Directly Related to the Investigation and Eradication of Domestically Cultivated Marijuana. However, these measures will continue to be tracked for internal reporting

### **3. Performance, Resources, and Strategies**

The State and Local Assistance decision unit contributes to DOJ's Strategic Goal II: "Enforce Federal Laws and Represent the Rights and Interests of the American People." Within this Goal, the resources specifically address DOJ's Strategic Objective 2.2: "Reduce the Threat, Trafficking, Use, and Related Violence of Illegal Drugs."

#### **a. Performance Plan and Report for Outcomes**

DEA's State and Local Assistance decision unit consists of three program areas: State and Local Law Enforcement Officer Training, DCE/SP, and Demand Reduction. Since each program area has identified unique performance measures related to their specific activities, they are addressed separately below.

##### State and Local Law Enforcement Officer Training

DEA's State and Local Law Enforcement Officer Training program has one primary performance measure – the number of State and local law enforcement officers trained. Based on an analysis of prior year performance data, existing training capacity, and available funding, the FY 2006 annual target for the number of State and local officers trained was 36,605. As of September 30, 2006, DEA trained 41,313 State and local officers; therefore, exceeding its target established for FY 2006. In fiscal years 2007 and 2008, DEA expects to train 37,000 State and local officers each year.

DEA offers an array of classes to State and local officers to include drug diversion training, drug enforcement unit commander training (DUCA), law enforcement intelligence training at the Federal Law Enforcement Analysis Training (FLEAT), and narcotics supervisory leadership training. DEA continues to conduct one of the most critical, specialized training programs offered to State and local law enforcement officers in the area of Clandestine Laboratory Training. With the increase in the number of "small toxic lab" seizures throughout the country, there has been a corresponding escalation in the problems confronting State and local agencies that are called to the scene of these laboratories. Often, it is the State and local police who first encounter these "small toxic labs" and must ensure that they are investigated, dismantled, and disposed of appropriately.

DEA offers three Clandestine Laboratory Training courses (State and Local Clandestine Laboratory Certification, Clandestine Laboratory Site Safety, and Clandestine Laboratory Tactical training). The first two courses provide detailed information regarding Occupational Safety and Health Administration (OSHA) regulations and standards. Officers are informed of the hazards that they are likely to encounter and how to handle these hazards. For example, during training, officers become familiar with the personal protective equipment that must be worn when dismantling a clandestine lab. During the third course, officers are taught the difference between traditional drug investigations and clandestine laboratory investigations.

In FY 2004, Congress approved the use of DEA's prior year unobligated balances for the design, construction, and ownership of a clandestine laboratory training facility to continue the support of Clandestine Laboratory training. Since FY 2000, DEA has trained a total of 8,445 State and local law enforcement officers in identifying and processing clandestine laboratories. Teaching

others the techniques used to investigate and dismantle small toxic labs acts as a force multiplier for DEA.

The table below shows the number of State and local officers DEA's Office of Training has trained from FY 2000 through FY 2006.

**State and Local Training**

Performance Measure	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006
Clan Lab Students Trained <sup>1</sup>	1,526	1,049	1,275	1,573	1,029	1,043	1,077
Diversion Students Trained <sup>2</sup>	-	-	92	72	55	59	71
Students Trained by Division Training Coordinators (DTCs)	35,874	43,254	35,097	38,753	32,468	39,535	39,129
DUCA Students Trained	208	216	244	203	123	188	199
Federal Law Enforcement Analysis Training (FLEAT)/ Law Enforcement Intelligence Training Students Trained	-	46	173	190	248	302	135
Narcotics Supervisory Leadership Students Trained <sup>3</sup>	-	65	267	230	260	313	404
Other Miscellaneous <sup>4</sup>	321	179	237	104	204	413	298
<b>Total<sup>5</sup></b>	<b>37,929</b>	<b>44,809</b>	<b>37,385</b>	<b>41,125</b>	<b>34,387</b>	<b>41,853</b>	<b>41,313</b>

<sup>1/</sup> The drop in the number of students trained in clandestine laboratories beginning in FY 2004 was the result of a reduction in program funding for State and local clandestine laboratory training provided to DEA through the Community Oriented Police Services (COPS) program.

<sup>2/</sup> DEA did not begin providing drug diversion classes for State and local law enforcement officers until FY 2002.

<sup>3/</sup> DEA did not institute its Narcotics Supervisory Leadership training program until FY 2001.

<sup>4/</sup> Other miscellaneous state and local training courses taught by DEA on an ad hoc basis include: National Drug Enforcement Officers Association (NDEOA) related training; state and local Forensic Chemists training; and the training of state and local law enforcement in the FBI National

<sup>5/</sup> The total reflects the number of State and local law enforcement officers trained using DEA funding.

### Domestic Cannabis Eradication/Suppression Program (DCE/SP)

DEA uses the DCE/SP to address marijuana cultivation in the United States. DEA's current performance measure for the DCE/SP is:

- Number of Marijuana Plants Eradicated (Including Plants Cultivated Indoors and Outdoors)

In DEA's FY 2007 Congressional Budget submission, the following two additional Performance Measures were reported for the DCE/SP:

- Number of Arrests Directly Related to Investigations and Eradication of Domestically Cultivated Marijuana, and
- Dollar Amount of Seizures Directly Related to the Investigation and Eradication of Domestically Cultivated Marijuana.

In a Department-wide effort to streamline performance reporting, these two measures were eliminated from the Performance and Resources Table; however, these measures will continue to be tracked for internal reporting.

Prior to FY 2006, DEA administered the DCE/SP through a series of Letters of Agreement (LOA), which were grant-like funding contracts between DEA and participating State and local law enforcement agencies to fund operational plans for eradication campaigns and suppression programs. For calendar year (CY) 2005, DEA entered into 111 LOA's with State and local

agencies. Beginning in FY 2006, the resources associated with the DCE/SP were transferred to the Office of Justice Programs (OJP) with DEA continuing to administer the program on a reimbursable basis. Therefore, DEA receives reimbursable resources from OJP to continue oversight of the marijuana eradication program.

Since eradication is based on the growing season, all DCE/SP performance data is collected and reported on the calendar year with performance weighted towards the end of the year. Domestically cultivated marijuana is dependant on climatic conditions, therefore, extreme circumstances such as flood, drought, and fire can dramatically impact the amount of product cultivated and therefore seized. Taking these uncontrollable factors into consideration, DEA estimated that in CY 2006, 3,600,000 cannabis plants would be destroyed, 8,700 individuals would be arrested as a direct result of the investigation and eradication of domestically cultivated marijuana, and \$27 million in assets would be seized. As of October 31, 2006, DEA exceeded its CY 2006 targets for the number of plants eradicated with 5,029,317 eradicated and the number of assets seized at \$65 million. However, arrests fell short of the FY 2006 target with 6,931 individuals arrested as a result of marijuana investigations.

DEA has established the target of 3,600,000 marijuana plants eradicated and will work to meet or exceed this target in CY 2008.

### Demand Reduction

Throughout DEA, efforts are underway to measure the impact of its programs. Over the past few years, DEA's Demand Reduction Program has been elevated to include participation on the Governors' Prevention Councils, Mayors' councils, and state-wide summits. Therefore, DEA has established a performance measure that reports the percentage of total demand reduction activities that have a demonstrable impact. Specifically, this measure is:

- Percent of total demand reduction-related activities that result in demonstrable changes in policies, impact the allocation of resources, increase public awareness on a large scale, produce long-term sustainable initiatives, and/or are high-visibility or regularly occurring activities in the targeted state, city, or region. (Levels I and II)

DEA began collecting performance data to support this new measure on October 1, 2004. Therefore, FY 2006 represents the first year for which a target was established at 45 percent for Levels I / II impact. As of September 30, 2006, DEA exceeded this target with 57 percent of demand reduction activities conducted resulting in demonstrable changes (Levels I / II Impact). In FYs 2007 and 2008, DEA proposes to reduce the Demand Reduction Program by 50 percent; therefore, FY 2007 and FY 2008 targets have been reduced accordingly.

DEA uses its expertise to complement enforcement efforts through its Demand Reduction Program. DEA's Demand Reduction Coordinators (DRCs) assist existing prevention groups and community coalitions at the national and local levels by providing a law enforcement perspective in the development and assessment of anti-drug strategies and initiatives. DEA provides briefings and shares information regarding current and emerging drug trafficking trends to assist these groups.

DEA's DRCs ensure that:

- Activities are conducted at levels that impact statewide prevention planning.
- Intelligence is integrated into prevention planning.
- Community coalitions receive the unique support that only DEA can provide.

DEA's DRCs are highly visible Special Agents with expert knowledge of DEA policies, drug trafficking trends, drug enforcement operations, community processes, and drug prevention concepts and models. In addition, DRCs are required to have strong presentation skills and the ability to work collaboratively with outside organizations and communities at national, regional and local levels.

## **b. Strategies to Accomplish Outcomes**

To fulfill the critical mission of reducing drug availability in the United States, DEA devotes the resources necessary to assist State and local agencies with drug enforcement efforts. Workload varies based on the specific program activity, such as State and local law enforcement officer training and MET. The outcome measure and its respective performance measures are discussed earlier and serve as indicators of the overall drug-related assistance provided to State and local organizations.

Part of DEA's overall strategy is to complement State and local efforts with specialized programs aimed at reducing the availability of drugs through DEA's expertise and leadership. To achieve this goal, DEA:

- Improves the capabilities of State and local enforcement efforts with specialized training programs that will improve their abilities to enforce State drug laws; and
- Assists local law enforcement officers in conducting investigative activity against the specified drug trafficking individuals and organizations in locations which request DEA help.

The following strategies outline DEA's plan to achieve the State and Local Assistance objectives:

### **1. State and Local Training: Provide training to State and local law enforcement officers to improve the capabilities of State and local law enforcement agencies and their ability to enforce state drug laws.**

The DEA Training Academy currently offers the following training opportunities for State and local law enforcement officers:

- Clandestine Laboratory Investigative Training
- One-week regional Diversion State and Local Training
- State and local training through its Domestic Field Division Offices / DTCs
- Two-week training at DEA's Drug Unit Commander Academy (DUCA)
- Intelligence training at FLEAT
- A one-week Narcotics Supervisory Leadership Program

**2. Domestic Cannabis Eradication/Suppression Program: Assist local efforts to control the production of cannabis and methamphetamine.**

The DCE/SP assignments include providing operational and training assistance to the State/local agencies, monitoring activities, and acting as a conduit for intelligence and information with DEA Headquarters. This assistance and joint cooperation allows for the enhancement of already aggressive eradication enforcement activities throughout the nation. However, the success of the DCE/SP is directly attributed to the decision of the participating agencies to share intelligence, technology, and manpower.

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## Program Offsets

**Item Name:** **Mobile Enforcement Teams (MET)**

Budget Decision Unit: State and Local Assistance

Strategic Goal & Objective: Goal II; Objective 2.2

Organizational Program: State & Local Assistance

Program Reduction: Pos: -83 Agents: -80 FTE: -80 Dollars: -\$20,578,000

## Description of Item

DEA proposes to eliminate the MET program, which would provide a FY 2008 savings of \$20,578,000.

## Justification

Mobile Enforcement Teams are currently deployed on a temporary basis to assist State and local law enforcement in areas that have been overrun with drug-related violent crime. In FY 2006, the MET program initiated 31 deployments, of which 23 (74%) focused on methamphetamine trafficking organizations. To better support DEA's mission and fund higher priority initiatives, DEA proposes to eliminate the MET program.

## Impact on Performance (Relationship of Offset to Strategic Goals)

Eliminating the MET program will enable DEA to focus its efforts towards disrupting or dismantling Priority Targets. By targeting the drug trafficking organizations having the most significant impact on the United States, DEA will be better able to reduce the availability of illicit drugs in the U.S.

## Funding

### Base Funding

FY 2006 Enacted				FY 2007 Estimate				FY 2008 President's Budget Current Services			
Pos	Agents	FTE	(\$000)	Pos	Agents	FTE	(\$000)	Pos	Agents	FTE	(\$000)
234	212	231	\$48,517	83	80	80	\$29,378	83	80	80	\$29,378

### Personnel Reduction Cost Summary

Type of Position	Cost per Position (\$000)	Number of Positions Reduced	FY 2008 Request (\$000)
Special Agent	N/A	(80)	
Technical Clerical	N/A	(3)	
<b>Total Personnel</b>	<b>N/A</b>	<b>(83)</b>	<b>(\$20,578)</b>

### Non-Personnel Reduction Cost Summary

Non-Personnel	Unit	Quantity	FY 2008 Request (\$000)
<b>Total Non-Personnel</b>			<b>\$0</b>

### Grand Total

	Pos	Agents	FTE	Personnel (\$000)	Non-Personnel (\$000)	Total (\$000)
Mobile Enforcement Teams (METs)	(83)	(80)	(80)	(\$20,578)	\$0	(\$20,578)
<b>Grand Total</b>	<b>(83)</b>	<b>(80)</b>	<b>(80)</b>	<b>(\$20,578)</b>	<b>\$0</b>	<b>(\$20,578)</b>

**c. Results of Program Assessment Rating Tool (PART) Reviews**

Please refer to page 8 in the Overview.

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## D. Diversion Control Fee Account

<b>Diversion Control Fee Account</b>	<b>Perm Pos.</b>	<b>FTE</b>	<b>Amount</b>
2006 Enacted w/ Rescissions and Supplementals	1,139	1,107	\$ 201,673,000
2007 Estimate	1,172	1,152	212,078,000
Adjustments to Base and Technical Adjustments	-	16	10,761,000
2008 Current Services	1,172	1,168	222,839,000
2008 Program Increases	15	8	16,410,000
2008 Offsets	-	-	-
2008 Request	1,187	1,176	239,249,000
<b>Total Change 2007-2008</b>	<b>15</b>	<b>24</b>	<b>\$ 27,171,000</b>

### 1. Program Description

DEA's Diversion Control Program is designed to achieve the mandates of the Comprehensive Drug Abuse Prevention and Control Act of 1970, also known as the Controlled Substances Act (CSA), and the Chemical Diversion and Trafficking Act (CDTA). Thus, the mission of the Diversion Control Program includes responsibility for all activities related to the regulation and enforcement of controlled substances and chemicals.

The Diversion Control Program provides regulatory guidance and support to over one million legitimate handlers of controlled substances and chemicals. Keeping legitimate importers, exporters, manufacturers, retailers, and practitioners compliant with CSA and CDTA regulations contributes significantly toward the reduction in the diversion of controlled substances and chemicals. Diversion Control's regulatory protocols mandate reporting and accounting practices that track and monitor the production and distribution of licit drugs, precursor chemicals, and their analogues among all of its registrants. Any organization or individual operating outside of this closed system of regulation is in violation of the law and is therefore subject to administrative, civil, and criminal action.

Diversion Control's goal is to prevent, detect, and eliminate the diversion of pharmaceutical controlled substances and chemicals into the illicit market while ensuring adequate supplies are available to meet legitimate medical, scientific, industrial, and export needs. In order to achieve this goal, Diversion Control focuses its investigative resources on identifying, targeting, disrupting or dismantling diverters of licit controlled substances and chemicals at the domestic and international level. These efforts include:

- drug and chemical diversion complaint and criminal investigations
- cyclic investigations of CSA non-practitioner (Type B) and List 1 Chemical registrants
- pre-registrant investigations of manufacturers, distributors and list 1 chemical registrants
- operational support activities essential to the operation of the above priorities including registration and regulatory support, Diversion Investigator recruitment, training, and drug/chemical surveys
- drug and chemical liaison with international representatives, State and local officials and industry

The diversion and abuse of pharmaceutical controlled substances have long been a problem, but these problems have become more acute in recent years. Most diversion of legitimate controlled substances occurs at the retail level as a result of illegal or improper prescribing, prescription forgery, or “doctor shopping.” The DEA is also seeing a rise in the number of individuals who divert controlled substances by placing orders via the Internet without establishing a legitimate doctor/patient relationship. Another factor contributing to the abuse problem has been the introduction of increasingly potent opioid medications. As efforts to publicize and ameliorate the under treatment of pain have increased, the availability of these products for both legitimate and illicit uses has also increased.

In 2004, the DEA joined the ONDCP and the Food and Drug Administration (FDA) in launching a comprehensive, multi-faceted *Prescription Drug Strategy* that focuses on all areas of concern and all sources of diversion. The *Prescription Drug Strategy*, a component of the *National Drug Control Strategy*, was updated in 2005 and emphasizes the importance of State-level Prescription Drug Monitoring Programs (PMPs) in detecting and deterring the diversion of prescription controlled substances, including OxyContin<sup>®</sup> and Vicodin<sup>®</sup>.

In recognition of the potential for criminal entities to use the Internet to purchase pharmaceuticals without a valid prescription, obtain drugs that are illegal to possess in the United States, and bypass traditional means established to protect consumers against the harmful use of controlled substances and chemicals, DEA has implemented the cyber crime initiative known as the Internet Online Investigations Project (OIP). The OIP detects, attacks and dismantles the infrastructure of those organizations or entities that use electronic media (e.g., the Internet) to covertly bring drugs into the United States or divert licit drugs domestically. The OIP has established a state of the art system that searches the Internet to locate websites, identify information of interest, and store the information in a data warehouse regarding the diversion of controlled substances.

Through the Electronic Commerce (E-Commerce) Initiative, which consists of two major systems, Diversion Control complies with the Government Paperwork Elimination Act of 1998 by providing alternative information technologies to improve efficiency and responsiveness to the public. Working with over one million legitimate handlers of controlled substances and chemicals, Diversion Control initiatives, such as the Controlled Substances Ordering System (CSOS), will improve data quality and offer a higher degree of security and integrity to replace manual paper versions of required documents to transfer licit drugs. Furthermore, in support of Diversion Control’s mission to ensure an adequate and uninterrupted supply of controlled substances to meet legitimate medical and scientific needs, Diversion Control is developing a system and standards to authenticate prescriptions electronically. This initiative, known as Electronic Prescriptions for Controlled Substances (EPCS), will reduce the opportunity for and ability of criminal elements to forge, alter or submit stolen prescriptions.

The transfer of the Drug and Chemical Diversion Control Decision Unit activities from the Salaries and Expenses (S&E) appropriation to the Diversion Control Fee Account (DCFA) was completed in FY 2006. The consolidation of activities under the DCFA will simplify numerous financial management issues and comply with a legal mandate to fully recover the necessary costs associated with the Diversion Control Program. Furthermore, the transfer will help to improve the coordination of Diversion Control Program’s regulatory and enforcement activities and provide better services to registrants, thereby encouraging increased compliance with the CSA and CDTA.

All of the aforementioned goals, strategies and initiatives supported by the Diversion Control Program will deter the diversion of pharmaceutical controlled substances and chemicals and enhance public safety by building greater accountability and qualitative reporting requirements into its network of compliance indicators.

<b>DOJ Strategic Goal II: Enforce Federal Laws and Represent the Rights and Interests of the American People.</b>											
<b>Strategic Objective 2.2: Reduce the threat, trafficking, use and related violence of illegal drugs.</b>											
<b>WORKLOAD/ RESOURCES</b>		<b>Final Target</b>		<b>Actual</b>		<b>Estimate</b>		<b>Changes</b>		<b>Requested (Total)</b>	
		<b>FY 2006</b>		<b>FY 2006</b>		<b>FY 2007</b>		<b>Current Services Adjustments and FY 2008 Program Changes</b>		<b>FY 2008 Request</b>	
<b>Workload Measure</b>	Number of Drug and Chemical Registrants (On Board as of October 1st) <sup>1</sup>	1,240,892		1,246,284		1,276,000		30,600		1,306,600	
<b>Workload Measure</b>	Number of Drug and Chemical Applicants Processed (throughout the FY) <sup>1</sup>	60,500		74,229		70,450		(20)		70,430	
<b>Total Costs and FTE</b> (reimbursable FTE are included, but reimbursable costs are bracketed and not included in the total)		<b>FTE</b>	<b>\$000</b>	<b>FTE</b>	<b>\$000</b>	<b>FTE</b>	<b>\$000</b>	<b>FTE</b>	<b>\$000</b>	<b>FTE</b>	<b>\$000</b>
		1,107	\$ 201,673 [\$0]	1,107	\$ 201,673 [\$0]	1,152	\$ 212,078 [\$0]	24	\$ 27,171 [\$0]	1,176	\$ 239,249 [\$0]
<b>TYPE/ STRATEGIC OBJECTIVE</b>	<b>PERFORMANCE</b>	<b>FY 2006</b>		<b>FY 2006</b>		<b>FY 2007</b>		<b>Current Services Adjustments and FY 2008 Program Changes</b>		<b>FY 2008 Request</b>	
<b>Program Activity</b>	Diversion of Licit Drugs and Chemicals	<b>FTE</b>	<b>\$000</b>	<b>FTE</b>	<b>\$000</b>	<b>FTE</b>	<b>\$000</b>	<b>FTE</b>	<b>\$000</b>	<b>FTE</b>	<b>\$000</b>
		1,107	\$ 201,673 [\$0]	1,107	\$ 201,673 [\$0]	1,152	\$ 212,078 [\$0]	24	\$ 27,171 [\$0]	1,176	\$ 239,249 [\$0]
<b>Performance Measure</b>	Number of Active Controlled Substance Act (CSA) Complaint, Criminal & Scheduled Investigations Worked <sup>1,2</sup>	2,905		5,137		5,140				5,140	
<b>Performance Measure</b>	Number of Administrative/Civil Sanctions (Disrupt) <sup>1</sup>	520		501		505				505	
<b>Performance Measure</b>	Number of Administrative/Criminal Sanctions (Dismantle) <sup>1</sup>	640		711		670				700	
<b>Performance Measure</b>	List I Chemical Regulatory Investigations for CSA Compliance Initiated as a Percentage of Diversion Investigators (Non-Supervisory) On-Board (%)	100.00%		84.50%		100.00%				100.00%	
<b>Performance Measure</b>	Percentage of Adjusted Type B Regulatory Investigations for CSA Compliance Initiated	20.00%		25.30%		20.00%				20.00%	
<b>Efficiency Measure</b>	Number of Registrations Processed per FTE <sup>3</sup>	29,000		27,974		28,000		50		28,050	
<b>Efficiency Measure</b>	Percent of CSA and CDTA Registrations (Applications and Renewals) Processed Electronically	50.0%		56.0%		57.0%		1.0%		58.0%	
<b>OUTCOME</b>	Ensure Registrant Compliance with the CSA - Adjusted Type B Registrant Compliance Indicator (%)	98.00%		95.66%		98.00%				98.00%	
<sup>1</sup> Now that both Drug and Chemical related activities are funded through the Diversion Control Fee Account (DCFA), drug and chemical specific performance measures have been consolidated in DEA's FY 2008 Budget Submission. <sup>2</sup> The performance measures for the Number of Complaint (Complaint and Criminal) Investigations and the Number of Scheduled Investigations have been consolidated into one performance measure due to the complimentary nature of each type of investigation and their concurrent priorities. <sup>3</sup> The performance measure for the Number of Registrations Processed per FTE was initially changed in FY 2006 to the Number of Registrations Processed per Position to include both contractor and DEA positions; However, a subsequent review of the workload indicated that measuring activity by FTE vice position was more relevant for evaluating the processing of registrations (applicant and renewal) and thereby more adequately reflects the overall efficiency or savings achieved. Note: The performance measure for the "Number of On-line Controlled Substances Ordering System / Electronic Prescribing of Controlled Substances (CSOS/EPCS) Digital Certificates (D.C.s) Issued" was removed from DEA's Performance and Resources Tables in the FY 2008 Budget Submission as part of a Department-wide effort to streamline performance measures.											

**Data Definitions:**

## Types of Registrants:

\* Type A Registrants dispense controlled substances at the retail level. These include pharmacies, hospitals, clinics, practitioners, teaching institutions and mid-level practitioners (nurse practitioners, physician assistants, etc.).

\* Type B Registrants manufacture and distribute controlled substances at the wholesale level. These include manufacturers, distributors, analytical labs, importers/exporters and narcotic

\* Chemical Registrants manufacture and distribute chemicals at the wholesale and retail level. These include retail distributors, manufacturers, distributors, importers and exporters.

Complaint Investigation on CSA/CDTA Registrants: All non-scheduled regulatory investigations of CSA/CDTA violations/violators. These include: Priority Target Organizations (PTOs); criminal investigations; administrative investigations; Drug Oriented Investigations (DOIs); and, civil investigations.

## Sanction Categories:

\* Disrupt: Consists of civil fines, administrative hearings, letters of admonition, administrative code 9 (suspension) and code R (restriction). Registrants usually retain the DEA Registration with restrictions and/or financial penalty. Registrants may be temporarily denied access to controlled substances/chemicals.

\* Dismantle: Consists of administrative code 1 (surrender for cause), code 2 (revocation) and code D (denial). Registrants lose or forfeit the DEA Registration or are convicted of a drug felony. Registrants are permanently denied access to controlled substances/chemicals pending a reversal of circumstances.

List I Chemical Investigations (%): The Number of List I Chemical Investigations (fiscal year target) is pre-determined by the on-board strength of non-supervisory Diversion Investigators (DI) at the beginning of the fiscal year. Each non-supervisory DI is required to conduct at least one, but no more than two, List I regulatory investigations per fiscal year. Thus, the annual target or goal is one investigation per non-supervisory DI and it is expressed as a percentage of non-supervisory DIs on-board or 100%.

Adjusted Type B Compliant Indicator (%) = (Adjusted Number of Type B Registrants – Adjusted Number of Non-Compliant Type B Registrants) / (Adjusted Number of Type B Registrants)

\* Note: The Adjusted Number of Type B Registrants excludes researchers and analytical labs because the amount of controlled substances maintained or supplied to these type B registrants is minimal and the risk to public safety nominal, relative to the vast amount of controlled substances handled by manufacturers, distributors, importer/exporters and narcotic treatment programs.

**Data Collection and Storage:** Two to three weeks after the end of each quarter, approximately 70 diversion field offices submit a report to the Office of Diversion Control to identify levels of activity in each of the following areas: investigations, indictments, arrests, prosecutions, assets seized, criminal fines, civil fines, progress toward work plan accomplishment, and administrative actions. This data is maintained by the Office of Diversion Control and compiled into an internal publication, which is made available to field and headquarters personnel. Also included in these quarterly reports is information concerning trends in drug abuse, methods of diversion, and current illicit street prices for pharmaceutical controlled substances. This information is also compiled and disseminated to all diversion field offices, which may then share the data with State & local authorities to aid in diversion investigations.

**Data Validation and Verification:** At this time, this data is not verified. Data is reviewed upon receipt, but only technical or unusual deviations are checked.

**Data Limitations:** The content of the quarterly reports is restricted to drug/chemical activity and makes no mention of budgetary information. Timeliness is not considered a limitation since the data is collected and submitted at quarter's end.

**PERFORMANCE MEASURE TABLE**

**Decision Unit: Diversion Control**

Performance Report and Performance Plan Targets		FY 2000	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006		FY 2007	FY 2008
		Actual	Actual	Actual	Actual	Actual	Actual	Target	Actual	Target	Target
<b>Performance Measure</b>	Number of Active Controlled Substance Act (CSA) Complaint, Criminal, & Scheduled Investigations Worked <sup>1,2</sup>	4,336	2,962	2,974	4,861	2,774	2,864	N/A	5,137	5,137	5,137
<b>Performance Measure</b>	Number of Administrative/Civil Sanctions (Disrupt) <sup>1</sup>	393	440	528	492	504	510	520	501	505	505
<b>Performance Measure</b>	Number of Administrative/Criminal Sanctions (Dismantle) <sup>1</sup>	634	573	495	548	618	628	640	711	670	700
<b>Performance Measure</b>	List I Chemical Regulatory Investigations for CSA Compliance Initiated as a Percentage of Diversion Investigators (non-supervisory) On-Board (%)	9%	118%	139%	119%	90%	98%	100%	85%	100%	100%
<b>Performance Measure</b>	Percentage of Adjusted Type B Regulatory Investigations for CSA Compliance Initiated	22.09%	21.15%	21.97%	19.60%	19.90%	18.85%	20.00%	25.30%	20.00%	20.00%
<b>Efficiency Measure</b>	Number of Registrations Processed per FTE <sup>3</sup>	N/A	N/A	N/A	N/A	22,004	23,846	29,000	27,974	28,000	28,000
<b>Efficiency Measure</b>	Percent of CSA and CDTA Registrations (Applications and Renewals) Processed Electronically	N/A	N/A	N/A	N/A	11.7%	40.9%	50.0%	56.0%	57.0%	58.0%
<b>OUTCOME Measure</b>	Ensure Registrant Compliance with the CSA - Adjusted Type B Registrant Compliance Indicator (%)	94.55%	95.38%	95.80%	97.70%	96.83%	97.04%	98.00%	95.66%	98.00%	98.00%

<sup>1</sup> Now that both Drug and Chemical related activities are funded through the Diversion Control Fee Account (DCFA), drug and chemical specific performance measures have been consolidated in DEA's FY 2008 Budget Submission.

<sup>2</sup> The performance measures for the Number of Complaint (Complaint and Criminal) Investigations and the Number of Scheduled Investigations have been consolidated into one performance measure due to the complimentary nature of each type of investigation and their concurrent priorities.

<sup>3</sup> The performance measure for the Number of Registrations Processed per FTE has been changed to the Number of Registrations Processed per FTE was initially changed in FY 2006 to include both contractor and DEA positions; However, a subsequent review of the workload indicated that measuring activity by FTE wise position was more relevant for evaluating the processing of registrations (applicant and renewal) and thereby more adequately reflects the overall efficiency or savings achieved.

Note: The performance measure for the "Number of On-line Controlled Substances Ordering System / Electronic Prescribing of Controlled Substances (CSOS/EPCS) Digital Certificates (D.C.s) Issued" was removed from DEA's Performance and Resources Tables in the FY 2008 Budget Submission as part of a Department-wide effort to streamline performance measures.

### **3. Performance, Resources, and Strategies**

The Diversion Control decision unit contributes to DOJ's Strategic Goal II: "Enforce Federal Laws and Represent the Rights and Interests of the American People." Within this goal, the resources specifically address DOJ's Strategic Objective 2.2: "Reduce the Threat, Trafficking, Use, and Related Violence of Illegal Drugs." Diversion Control resources ensure a strong deterrence against the diversion and illegal prescribing of controlled substances and chemicals. In addition, the Diversion Control Program is mandated by the CSA and CDTA to ensure that adequate supplies of pharmaceutical controlled substances and chemicals are available to meet legitimate medical, scientific, and industrial needs, while preventing, detecting and eliminating the diversion of these substances to illicit markets.

Along with the consolidation of its drug and chemical activities under the DCFA in FY 2006, Diversion Control has elected to streamline and consolidate its workload and performance measures in a commensurate manner. The consolidated reporting of drug and chemical measures will help to condense and simplify the presentation of Diversion Control's regulatory and enforcement efforts to prevent the diversion of pharmaceuticals and chemicals, provide better services to registrants, and ensure increased compliance with the CSA and CDTA. In addition, Diversion will continue to independently track and monitor each of its individual programmatic elements internally in order to foster greater managerial accountability and enhance its ability to meet qualitative reporting requirements now and into the future.

#### **a. Performance Plan and Report for Outcomes**

The Total Number of Drug and Chemical Registrants and Applications Processed are the overall workload determinants for the Diversion Control Program. In FY 2006, these four workload measures were consolidated into two workload measures:

- Total Number of Registrants Processed; and
- Total Number of Applications Processed.

As illustrated in the preceding Performance and Resource Table, the performance outcome measure for this decision unit is the Adjusted Type B Registrant Compliant Indicator.

#### Adjusted Type B Registrant Compliant Indicator

The workload determinants on the drug side of the Diversion Control Program consist of two distinct groups: Type A registrants/applicants (retailers) and Type B registrants/applicants (wholesalers). While the majority of DEA registrants are Type A registrants (e.g., pharmacies, hospitals, and practitioners), the Type B registrants (e.g., manufacturers, distributors, importers and narcotic treatment programs) are considered the sources of supply for controlled pharmaceutical products; and, therefore represent a higher level of risk. Due to the enormous quantities of controlled substances that Type B registrants handle, their level of compliance with DEA regulations significantly impacts the integrity of the closed system of distribution. A compliant Type B registrant ensures, as best as possible, that their products remain within the legitimate distribution chain, while a non-compliant Type B registrant has the potential of allowing millions of dosage units of finished product or raw material into the illicit market. A

scheduled investigation of a Type B registrant that results in no action indicates that the registrant is compliant with DEA regulations.

A component of Type B Registrants that is closely monitored is Adjusted Type B Registrants. Adjusted Type B Registrants exclude researchers and analytical labs because the amount of controlled substances maintained or supplied to these Type B registrants is minimal, and the risk to public safety is nominal relative to the vast amount of controlled substances handled by manufacturers, distributors, importer/exporters, and narcotic treatment programs. Adjusted Type B registrants are often referred to as the wholesale population or bulk handlers of controlled substances.

Therefore, the outcome measure, Adjusted Type B Registrant Compliant Indicator, which is defined as the adjusted number of compliant Type B registrants divided by the total number of adjusted Type B registrants, provides a good measure of DEA's regulatory activity and effectiveness among its registrants who pose a higher risk to public safety. This performance measure tracks the percentage of the wholesale population or "bulk handlers" of controlled substances who are compliant with the CSA and it represents a key measure of the agency's effort to safeguard the public.

General compliance among Diversion Control Program registrants is very high. The potential explanation for such high levels of compliance is rooted in the fact that each registrant functions as a business entity, and as such, has federal, State and local licensing requirements that criminal entities circumvent. When the Diversion Control Program first reported its Adjusted Type B Compliance Indicator in the spring of 2003, it reported FY 1999 compliance at 93.37 percent. Thus, only seven percent of Adjusted Type B registrants were found to have had some CSA compliance issue that warranted action by the Diversion Control Program.

The degree of noncompliance and the corresponding action taken by the Diversion Control Program runs the gamut. However, at the most egregious level, the violators are subject to administrative, civil, and criminal sanctions. These sanctions include, but are not limited to, civil fines, administrative hearings, letters of admonition, restricted use, suspensions, surrender for cause, revocations, and denials. At the end of FY 2004 and FY 2005, the Diversion Control Program reported 96.83 percent and 97.04 percent compliance respectively among its Adjusted Type B registrants. In FY 2006, the Diversion Control Program reported 95.66 percent compliance among its Adjusted Type B registrants. The Adjusted Type B Compliance Indicator is a "negative" or "inverse" measure that demonstrates DEA's effectiveness in identifying the diversion of controlled substances and applying sanctions against CSA violators. While the goal is to ensure 98 percent CSA compliance among its registrants, 95.66% compliance indicates that approximately 4% of the registrant population have been identified and sanctioned for CSA violations, and as such these violators have been either temporarily or permanently denied access to controlled substances. This continues to demonstrate a consistent and significant change over the past 3 year period that is indicative of Diversion's increased vigilance and success against the most prevalent threats (e.g., the diversion of OxyContin<sup>®</sup> and its analogues) and other pervasive violators (e.g., illegitimate online pharmacies).

The Diversion Control Program has established a Goal of 98 percent compliance among its bulk handlers of controlled substances in DEA's FY 2003 – FY 2008 Strategic Plan. Institutional knowledge among drug enforcement officials has determined that 100 percent CSA compliance is an unrealistic goal or expectation. Nevertheless, data from FY 2003 through FY 2006 clearly

demonstrate the relatively small, temporal fluctuations in the level of CSA compliance that can be expected as CSA violators are identified, sanctioned and eventually removed from the registrant population. The data also show that the combined enforcement and regulatory efforts of the Diversion Control program successfully ensure a high degree of compliance (>95 percent) among its registrant population. While it is anticipated that the compliance percentage will continue to oscillate within 1 or 2 percent of the strategic goal as more disruptions and dismantlements are accomplished, DEA expects to ultimately achieve and maintain its goal of 98 percent CSA compliance.

### Impact on Drug Availability

In an effort to evaluate DEA's impact on drug availability, DEA is currently piloting the *Significant Investigation Impact Measurement System* (SIIMS) to assess the impact that the disruption or dismantlement of major drug trafficking organizations has on a wide range of variables such as drug availability, crime statistics and other quality of life factors. Under SIIMS, DEA collects and analyzes enforcement, public health and social service statistics before the takedown of the targeted organization and for six months afterwards. This information can be used by the Administrator to report on DEA's performance to the Attorney General, Congress, and ONDCP.

In 2005, DEA completed an assessment of *Operation Cookie Dough*, which resulted in the closing of "script mill" pain clinics and pharmacies, the arrest of three doctors and the owner for illegally prescribing of controlled substances, and the seizure of \$10 million in assets. The investigation, conducted by DEA New Orleans, concluded on April 12, 2005. The SIIMS assessment identified the following impact associated with *Operation Cookie Dough*:

- There were no seizures of hydrocodone, alprazolam, and carisoprodol by DEA New Orleans in the two months following the operation.
- Domestic DEA seizures of hydrocodone decreased 53 per cent and alprazolam decreased 93 percent.
- The Louisiana State Legislature passed new legislation making it a crime for a health care practitioner to prescribe or dispense controlled substances in a fraudulent manner and required all pain management clinics to be owned and operated by a physician certified in pain management.

### Additional Performance Measures

Additional performance measures have been included in the Performance and Resources Table, which are indicative of the overall regulatory and enforcement activity supported by the Diversion Control Program. These additional measures are: 1) Number of Complaint, Criminal, & Scheduled Investigations Worked; 2) Number of Administrative/Civil Sanctions (Disrupt); 3) Number of Administrative/Criminal Sanctions (Dismantle); 4) List 1 Chemical Regulatory Investigations for CSA Compliance Initiated as a Percentage of Non-Supervisory Diversion Investigators On-Board; 5) Percentage of Adjusted Type B Regulatory Investigations for CSA Compliance Initiated; 6) Number of Registrations Processed per FTE; and 7) Percent of CSA and CDTA Registrations (Applications and Renewals) Processed Electronically. Due to the overwhelming number of Type A registrants (compared to Type B registrants), it is important to note that Type A activity contributes the most to the abovementioned performance measures.

Note – Additional Performance measures that were categorized as either Drug-related or Chemical-related in previous fiscal years have been consolidated in FY 2006. Also because, DEA recently determined that the number of investigations “worked” versus investigations “initiated” during a fiscal year is a much better indicator of regulatory and enforcement activity, the corresponding performance measure [above] has been changed to reflect cases against which investigative work hours have been charged. Finally, the performance measure for the Number of On-Line Controlled Substances Ordering System/Electronic Prescribing of Controlled Substances (CSOS/EPCS) Digital Certificates Issued has been eliminated from the Performance and Resources Table in FY 2006 since it represented a milestone measure of systems development and not a true performance measure.

### Diversion Disruptions and Dismantlements

The Diversion Control Program operationally defines the disruption and dismantlement of CSA and/or CDTA violators in the following manner:

Disruption - Violators of the CSA and/or CDTA who, after due process, receive Administrative/Civil sanctions. In other words, these violators are temporarily denied access to controlled substances and chemicals. These sanctions may include, but are not limited to: civil fines; administrative hearings; letters of admonition; suspended registrations; and, restricted registrations.

Dismantlement - Violators of the CSA and/or CDTA who, after due process, receive Administrative/Criminal sanctions. In other words, these violators are permanently denied access to controlled substances and chemicals. These sanctions may include, but are not limited to: registrations surrendered for cause; revoked registrations; and, registrations denied.

DEA fell short of its FY 2005 targets for the number of disruptions and dismantlements imposed on both its chemical and drug registrants/applicants. Disruptions among chemical and drug registrants/applicants fell short of the FY 2005 targets by 37 percent and 7 percent, respectively. Similarly, dismantlements among chemical and drug registrants/applicants fell short of the FY 2005 targets by 32 percent and 7 percent, respectively. This is a result of DEA’s increased focus on criminal investigations involving the diversion of licit drugs via the Internet and the manufacture of illicit drugs such as methamphetamine, which lead to the arrest of individuals and/or entities outside of the registrant population. Statistics on these “unregistered” violators are not captured among the sanctions that are levied on registrants/applicants, therefore causing an artificial under representation of Diversion’s performance. However, these activities are captured in the performance measures that report the number of chemical and drug complaint, criminal and scheduled investigations initiated. This explanation is supported by the fact that the number of chemical and drug complaint investigations exceeded their FY 2005 targets by 43 percent and 6 percent, respectively.

At the same time, the number of open diversion investigations is decreasing as DEA focuses its resources on fewer, yet more complex trafficking organizations, and the financial entities (money launderers, financial institutions, etc.) that support them. Collaborative enforcement efforts among federal, State, and local law enforcement agencies and collateral increases in federal and State sponsored legislation that target and close loop holes in the law that have been exploited by chemical and drug diverters, have all but driven the most egregious elements out of the registrant populations. Furthermore, the heightened activity by DEA has had an added deterrent effect on

“would-be” violator applicants. For example, the overall chemical registrant population has decreased by approximately 16 percent over the past two years from a high of 3,386 in April 2003 to a low of 2,843 at the end of FY 2005. As a result of all of these factors and the fact that the Diversion Control Program fell short of the FY 2005 targets, DEA has adjusted its targets for FY 2006 through FY 2008 as indicated in the Performance and Resources Table for the following measures:

- Number of Chemical Registrants and Applicants processed
- Number of Administrative/Civil Sanctions (Disrupt) – Chemical and Drug
- Number of Administrative/Criminal Sanctions (Dismantled) – Chemical and Drug

With the adjustment of its FY 2006 through FY 2008 targets in FY 2005 and the consolidation of its drug and chemical performance measures during the third quarter of FY 2006, the Office of Diversion Control reported 501 administrative/civil sanctions (disruptions) or 96% to target (520) for FY 2006. Although Diversion failed to meet its FY 2006 target by a nominal margin, this year’s result supports DEA’s readiness to set realistic, yet ambitious programmatic goal. On the other hand, Diversion reported 711 administrative/criminal sanctions (dismantlements) or 111% to target (640) and thereby exceeded its target for the same period

It should be noted that as a direct result of DEA’s mandate to pursue the “ill gotten gains” or assets of traffickers and diverters of controlled substances and levy more serious, permanent administrative/criminal sanctions, the number of dismantlements has dramatically increased. Given the abovementioned mandate, the number of disruptions have also increased, but at a much slower rate. It is anticipated that Diversion will continue to meet its annual targets for both disruptions and dismantlements.

#### Implementation of the E-Commerce and Modernization Customer Service Initiatives

The E-Commerce Initiatives are being implemented to facilitate the business-to-business electronic communications among DEA registrants and the Office of Diversion Control. DEA registrants are businesses and health care providers who use controlled substances in legitimate commerce. This is a highly regulated field with laws and regulations that require registrants to account for the transfer and use of controlled substances purchased or produced. DEA’s E-Commerce Initiatives will allow registrants to document the exchange of drugs in an electronic medium through CSOS. CSOS became operational on August 8, 2005. In addition, DEA is working to develop regulations and procedures to provide for the electronic transmission of prescription information through EPCS.

EPCS promises to directly impact prescription fraud by reducing the opportunity for and ability of criminal elements to forge, alter, or submit stolen prescriptions. The actual number of attempts to forge, alter or submit stolen prescriptions is currently unknown, because most attempts at passing forged, altered or stolen prescriptions are detected at the pharmacy level. EPCS provides additional safeguards against unwarranted and unauthorized use/access to the system. EPCS is projected to be ready for implementation by the industry on or before the end of CY 2008.

DEA’s E-Commerce Initiatives are aligned with both DEA and DOJ’s strategic objectives to develop and implement an IT architecture that provides common, standards-based infrastructure;

ensures interconnectivity and interoperability; and provides adequate safeguards against unwarranted and unauthorized use of the systems. The E-Commerce Initiatives directly support the President's Management Agenda and will improve DEA's data quality, agency efficiency, and responsiveness to the public in carrying out its mission of enforcing the CSA. Specifically, it will:

- reduce the paperwork burden on small businesses
- reduce the opportunity for and ability of criminal elements to forge, alter, or submit stolen prescriptions;
- provide authenticity of the prescribing or ordering party;
- reduce processing time
- increase overall security

Initially, the performance measure for the E-Commerce Initiative was the Number of On-line CSOS / EPCS Digital Certificates Issued. In FY 2006, with the implementation of CSOS and the anticipated delivery of EPCS, this measure were removed from the Performance and Resources Table in FY 2006 since it represented a milestone measure of overall system's development. However, because DEA is able to track the impact that the E-Commerce and Modernization Customer Service Initiatives are having on the registration process, specifically the reduction in the time required to process new applications and renewals, it is able to assess the added benefit of its service initiatives. For example, online access to registration and order forms has significantly reduced the amount of processing time for renewals from 6 weeks to 5 days.

In FY 2005, the Department mandated that DEA establish efficiency measures that are associated with its core programmatic activities. After considerable input from all of the program areas and rigorous evaluation of the available data, DEA established the following two Diversion Control efficiency measures:

- Number of Registrations Processed per FTE
- Percent of CSA and CDTA Registrations (Applications and Renewals) Processed Electronically

In FY 2005, Diversion Control reported 23,846 registrations processed per FTE. In recognition of the savings and efficiencies achieved as a function of its contractor positions, DEA attempted to adjust the existing performance measure from the Number of Registrations Processed per FTE to the Number of Registrations Processed per Position in its FY 2006 submission to the Office of Management and Budget. However, a subsequent review of the workload indicated that measuring activity by FTE versus position was more relevant for evaluating the processing of registrations (applicant and renewal) and thereby more adequately reflects the overall efficiency or savings achieved. Having made the correction, Diversion reported 27,974 registrations processed per FTE which represented a 17.3 percent increase over the previous year, but it still fell short of the FY 2006 target of 29,000. Given that observation, Diversion concluded that the projection of its FY 2006 target may have been overly ambitious due to the absence of sufficient empirical data to support a more robust methodology for establishing annual targets. As a result, Diversion has subsequently adjusted its targets for FY 2007 and FY 2008 to 28,000 respectively as it attempts to flesh out all of the potential factors and confounders which can be used to develop a more robust methodology for projecting its out-year targets.

Moreover, it is anticipated that the measures for FY 2007 and FY 2008 will continue to demonstrate more modest efficiencies of no more than approximately two percent annually through FY 2008 which is Diversion's justification for its prudent targeting for next two fiscal years which takes into account the potential fluctuation in its workforce.

In addition, Diversion reported that 40.9 percent of its registrations were processed electronically in FY 2005. At the conclusion of FY 2006, 56 percent of Diversion Control's registrations were processed on-line and thereby exceeded its target by 12 percent which also represented an increase of approximately 37% over the previous years mark. It seems evident that more and more of the registrant population are benefiting from the convenience of on-line registrations which is also encouraging from the stand point of efficiency and cost savings. While the Diversion Control program anticipates that it will reach its targets for FY 2007 and FY 2008, it has decided to increase those targets to 57 and 58 percent, respectively because of the convenience and customer friendly environment it provides to its on-line users and because it recognizes an increased level of comfort with on-line applications as well as an inherent level of technical sophistication amongst its emerging registrant population.

## **b. Strategies to Accomplish Outcomes**

Diversion Control Program's mission is to reduce the illegal use/abuse of pharmaceutical controlled substances and chemicals within the United States, ensure that adequate supplies of pharmaceutical controlled substances and chemicals are available to meet legitimate medical, scientific, and industrial needs, and prevent, detect, and eliminate the diversion of these substances to illicit markets.

To achieve this mission, the Office of Diversion Control does the following:

- Identifies and targets those responsible for the diversion of pharmaceutical controlled substances and chemicals through traditional investigative and cyber crime initiatives; and,
- Supports the DEA Diversion Control registrants with improved technology, including E-Commerce and Modernization Customer Service Initiatives.

The following strategies outline DEA's plan to achieve these objectives:

### **1. Investigate and prepare for prosecution, violators of chemical and pharmaceutical controlled substances laws at the international, national, State, and local levels while maintaining cooperation, support, and assistance from the regulated industry.**

The production of methamphetamine continues to be a major problem throughout the United States. DEA's success in eliminating the importation of bulk pseudoephedrine through enforcement efforts such as the Letter of No Objection Program and the issuance of Orders to Show Cause has decreased the number of List I chemical registrants and removed a number of distributors of "grey market" products from the marketplace. Consequently, the number of super labs seized in the U.S. has decreased, and the operators, mostly Mexican nationals, have shifted their production to Mexico. The remaining small toxic labs have begun to rely heavily on obtaining cold and asthma drugs, the requisite precursor List I chemicals, from traditional outlets such as chain drug stores, big box stores and other retail facilities.

In order to thwart increased production of methamphetamine and further deny would be traffickers and diverters access to these precursor substances, Congress passed the USA Patriot Act Reauthorization. The reauthorization includes the Combat Methamphetamine Epidemic Act of 2005 (CMEA). The retail provisions of the CMEA, which requires all regulated sellers of over-the-counter medications containing pseudoephedrine, ephedrine, and phenylpropanolamine to complete a required training and self-certification process, went into effect across the United States on September 30, 2006. Ephedrine, pseudoephedrine, and phenylpropanolamine are common ingredients in cough, cold, and allergy products and are also used in the illicit manufacture of methamphetamine or amphetamine.

Retail outlets are now required to keep all non-prescription products containing pseudoephedrine, ephedrine, and phenylpropanolamine behind the counter or in a locked cabinet, and consumers are required to show proper identification and sign a logbook for each purchase. The logbook contains the customer's name, address, date and time of sale, name and quantity of the product sold, and the purchaser's signature. The Act also implements daily sales limits and monthly purchase limits of these products.

In addition to these new requirements, in order to comply with federal law, regulated sellers are mandated to complete a self-certification process that includes training their employees on the new regulations and procedures. The final stage in the self-certification process requires regulated sellers to complete an on-line application on the DEA Diversion Web Site. Once this application is submitted, DEA will send a confirmation email, which will generate a self-certification certificate.

Some aspects of the Combat Methamphetamine Epidemic Act of 2005 have already become effective. On April 8, 2006, the following requirements became effective:

- The daily sales limit of 3.6 grams per purchaser, regardless of the number of transactions.
- The requirement that all nonliquid forms (including gel caps) of products containing pseudoephedrine, ephedrine, or phenylpropanolamine be packaged in blister packs, each blister containing not more than two dosage units, or where blister packs are technically not feasible, products may be packaged in unit dose packets or pouches.
- The requirement that persons distributing products containing pseudoephedrine, ephedrine, or phenylpropanolamine through the U.S. Postal Service or private or commercial carriers must confirm the identity of the purchaser prior to shipping the product.

The retail provision outlined in the regulation became effective September 30, 2006. Congress specified this date in the statute itself, and the DEA has no discretion regarding its implementation. DEA is aware of the short period of time available for retailers to come into compliance with the regulations and as such, it continues to work with industry to provide compliance assistance to ensure that retailers are able to sell covered medications in accordance with the requirements of the law. DEA has established both online and customer service resources to answer questions and to help guide retailers through each step of the self-certification process. CMEA has provided significant tools to enhance law enforcement efforts against the production and distribution of methamphetamine both domestically and internationally.

The Dangerous Drug and Chemical Section within the Office of Diversion Control has initiated and actively participated in several ongoing, multi-national operations to prevent, detect, and

eliminate the diversion of chemicals and other precursor substances across global markets. On the Domestic front, the Dangerous Drug and Chemical Section has liaison and outreach programs with the chemical industry to improve cooperation and compliance with new and on-going initiatives implemented to reduce the amount of diversion.

The availability of List I chemicals on the Internet has provided chemical traffickers an almost unlimited supply of chemicals necessary to manufacture illicit substances. This trend almost mirrors the availability of pharmaceutical products on the Internet. In order to meet this challenge, the Dangerous Drug and Chemical Section needs to aggressively identify and shut down these Internet sites. With new technically advanced tools like WebCrawler, and system enhancements to the Controlled Substances Information System (CSIS II) and the Automation of Reports and Consolidated Orders System (ARCOS), the Office of Diversion Control will have greatly improved its ability to detect, investigate, and apprehend CSA and CDTA violators.

Diversion Control plans to focus its deployment of Diversion Investigator positions to domestic field offices in areas experiencing dramatic increases in clandestine methamphetamine production. Diversion Investigators are uniquely qualified to assess production capabilities, assess chemical trafficking patterns, and develop leads on individuals and businesses engaged in the diversion of chemical precursors.

Internationally, with the success of *Project Prism*, Diversion Control is actively engaged in persuading both Taiwan and The People's Republic of China to provide Pre-Export Notifications (PENs) for shipments of pharmaceutical preparations containing ephedrine and pseudoephedrine.

At the same time, Diversion Control is working to increase its efforts to conduct and improve overseas liaison by providing international chemical control training to foreign law enforcement officials. The resultant trainings have enabled our foreign counterparts to improve their ability to detect and identify clandestine shipments of banned chemical imports thereby denying source country traffickers the requisite precursors and reagents necessary to refine and produce illegal drugs.

**2. Enforce the provisions of the CSA as they pertain to import/export, manufacture, distribution and dispensing of legally produced controlled pharmaceuticals and chemicals by creating a strong deterrence against the diversion of these substances through the development and implementation of new technologies (e.g., cyber crime initiatives) that will allow for the rapid and effective detection of potential diversion via the Internet.**

Prescription Drug Monitoring Programs (PMPs) assist States in identifying diversion trends as they emerge. State PMPs collect prescription information electronically from pharmacies and analyze it. This data is then provided to State agencies to assist in the identification of "doctor shoppers" and over-prescribers, which can result in effective investigations. In addition to law enforcement and regulatory activities, the information collected and analyzed by a State PMP may be utilized to assist in identifying patients whose drug usage is increasing and who may benefit from a referral to a specialist or to substance abuse treatment; to assist prescribers in making appropriate treatment decisions for their patients; and to assist pharmacists in providing pharmaceutical care.

DEA's goal is to work with all interested parties to identify the best means available to facilitate the establishment or enhancement of PMPs to ensure that prescription data pertaining to

controlled substances is collected from the largest possible segment of pharmacies and other dispensers in the most cost-effective manner while assuring patients and their healthcare providers that these programs do not negatively impact the legitimate practice of medicine and that the confidentiality of collected data will be protected.

A concerted effort is being made by the Integrating Justice Information Systems (IJIS) Institute, in cooperation with State agencies and the DEA, to develop a technological solution that will facilitate information sharing between State PMPs. The data elements currently collected by State PMPs would have to be standardized and federal legislation would have to be implemented to authorize a national PMP. Data integration, data analysis, and the tracking of results would be very challenging on a national level due to the volume of data collected and the limited resources available on a national level for investigations and educational outreach programs. The legal and logistical complexities of implementing a national PMP database make such an effort prohibitive in the near future. To facilitate information sharing between State PMPs, the National Alliance of Model State Drug Laws worked with several States and the DEA to develop a *Model Interstate Agreement* for the Sharing of Information among State PMPs.

The Department of Justice is actively promoting PMPs that help prevent and detect the diversion and abuse of pharmaceutical controlled substances, particularly at the retail level where no other mandated automated information collection system exists. As of August 22, 2006, 33 States have enacted legislation that requires PMPs.

To further its efforts against the diversion of increasingly potent opioid-based, pain medications, including OxyContin® and Vicodin®, DEA implemented the National Action Plan in April 2001.

The Internet is rapidly becoming a more popular source for the sale and distribution of pharmaceuticals and chemicals. Many legitimate online pharmacies make it easier and more convenient for consumers to obtain the pharmaceutical controlled substances they need. However, by using the Internet, violators are able to purchase pharmaceuticals without a valid prescription and chemicals without the appropriate DEA documentation. They may even bypass the safeguards to protect consumers against the harmful use of controlled substances and obtain drugs that are not legal in the United States. This undermines the safety and health of the consumer and increases the potential for diversion of pharmaceutical controlled substances.

In October 2004, the Online Investigations Program (OIP) was transferred to the Office of Special Intelligence (NS) and became operational in March 2005. The OIP uses a proprietary application that enables DEA personnel to conduct “Web Checks”. This process involves a search of the World Wide Web in the public domain to locate websites, identify information of interest and store the information in a data warehouse. The OIP enhances DEA’s ability to systematically target, investigate, and ultimately prosecute the owners, operators, and others who illegally profit from rogue pharmacies. The OIP is accessed via requests made through the Pharmaceutical and Chemical Internet Intercept Coordination Section (OSI) of SOD. OSI, which was created in November 2004 to coordinate pharmaceutical and chemical Internet intercept investigations, acts as a liaison between the field and NS by forwarding requests for information and returning completed products to the field. Further, the basic role of OSI is to provide investigative direction, deconfliction, and support to the field as it pursues the highest level of pharmaceutical and chemical Internet traffickers. OSI assists the field to identify domestic and foreign websites, email addresses, and phone numbers of major pharmaceutical and

chemical trafficking organizations. In addition, OSI provides case coordination to ensure that investigations have the greatest impact on targeted organizations.

From March 11, 2005 through September 30, 2006, Web Checks have been performed on 2,452 website and email addresses in response to 471 requests from SOD. In addition, from March 11, 2005 through September 30, 2006, Formal Products have been performed on 693 website and email addresses in response to 30 formal requests from SOD.

In addition, DEA plans to update the CSIS II developed in 1988. CSIS is a law enforcement-oriented, encyclopedic database of information on over 1,500 controlled substances and the chemicals associated with their manufacture.

**3. Coordinate E-Commerce and Modernization Customer Services Initiatives with other Federal, State and local law enforcement and regulatory agencies, as well as developing and implementing a fully-integrated, IT architecture necessary for external E-Commerce application, which requires interaction with or standards for regulated industries.**

Through the E-Commerce Initiatives, DEA will satisfy the requirements set forth in the Government Paperwork Elimination Act of 1998 by implementing CSOS and EPCS. In conjunction with the deployment of CSOS, DEA is developing an electronic version of the DEA order form that will offer a similar or higher degree of security and integrity than the current paper version. The DEA order form is legally mandated for the purchases of all Schedule II controlled substances, except by the consumer via prescriptions. The EPCS will enable the safe electronic transmission of prescription information from the physician to the pharmacist.

CSOS - The final regulations to implement CSOS were published and became effective June 1, 2005. CSOS became operational August 8, 2005. In the first quarter of FY 2007 (October - December 2006), 5,167 digital certificates were issued, bringing the cumulative total (August 2005 - December 2006) number of digital certificates issued to 28,024.

EPCS - DEA is currently working with OMB and the Dept. of Health and Human Services to resolve outstanding concerns associated with the Notice of Proposed Rulemaking (NPRM), which introduces the regulations for implementation of Electronic Prescribing of Controlled Substances (EPCS). DEA is also trying to develop one or more pilot projects to test the feasibility and applicability of the proposed rules. Work on the system infrastructure and the identification of subordinate or cross-certification authorities is expected to lag behind the regulatory process due to technological challenges. Even so, EPCS is projected to be ready for implementation by the industry on or before the end of CY 2008.

Other DEA reengineering and modernization efforts include:

- Enhancing IT systems to link the current, established call center with an Oracle CSA database that will interface with an Interactive Voice Response telephone system. CSA application forms received electronically will eliminate manual data entry, thus reducing data entry error rates, enabling support staff to provide more timely registration and re-registration, allowing for more expedient action on routine application processing, and providing a monitoring and training system to ensure the optimum in customer service to the registrant community. These efforts are ongoing.

- Ongoing effort to enhance ARCOS and the CSA Program. This will allow DEA to modernize the registration system, provide registrants with the ability to report mandated information through electronic data interchange, maintain the Diversion Control website, which is a major conduit for information to the regulated communities, develop and enhance a network with State and local regulatory and enforcement counterparts, and establish a data warehouse of all diversion information for use by field investigators.

#### **4. Ensure adequate and interrupted supply of controlled substances and chemicals to meet legitimate medical, scientific and industrial needs without creating an oversupply.**

Establishing quotas and monitoring imports of narcotic raw materials are critical to ensuring an adequate and uninterrupted supply of legitimate medicines containing controlled substances without creating an oversupply. Developing meaningful ways to measure this is extremely difficult. Quotas and imports are based on information provided by industry (e.g. import permits and declarations, sales, distributions, inventory, manufacturing schedules, losses, and product development needs) and corroborated by consumption of these substances (e.g. prescriptions, distributions to retail levels, and input from the Federal Drug Administration (FDA) on new products and indications). Quota and import estimates for individual substances can either go up or down in a given year, depending on any number of factors.

On October 22, 2004, the President signed into law the Anabolic Steroid Control Act of 2004 which added 59 steroids, some of which are currently sold in the dietary supplement market, into Schedule III of the CSA. To date no seizures of the abovementioned 59 eligible steroids or analogues has been reported.

Moreover, Diversion Control continues to provide scientific and technical support in the following manner:

- Compiling, analyzing and reporting specific information on the production, distribution, consumption, and estimated needs of all narcotics, psychotropic substances, chemicals and their preparations;
- Providing general scientific guidance and support to DEA, State and local agencies and international organizations regarding drug and chemical control issues and the biological sciences;
- Examining all CI research protocols;
- Serving as or identifying appropriate expert witnesses in criminal, administrative and other proceedings;
- Identifying information needs, initiating actions/studies, and alerting enforcement and public health entities on newly identified patterns of use/abuse on controversial substances like Anabolic Steroids in conjunction with the National Institute on Drug Abuse (NIDA) and the National Forensic Laboratory Information System (NFLIS – the NFLIS database contains over 5 million entries and also including STRIDE data from the DEA lab system); and,
- Preparing periodic reports mandated by treaties.

To achieve these strategies and objectives directly related to DEA's Strategic Plan, DEA requires programmatic enhancements to the Diversion Control decision unit.

## Program Increases

<b>Item Name:</b>	<b>Online Diversion Investigations</b>
Budget Decision Unit:	DCFA
Strategic Goal & Objective:	Goal II; Objective 2.2
Organizational Program:	Special Operations Division, Office of Investigative Technology, Digital Evidence Laboratory, and Chief Counsel
Program Increase:	Pos: <u>12</u> Agents: <u>0</u> FTE: <u>6</u> Dollars: <u>\$4,011,000</u>

## Description of Item

DEA requests 12 positions and \$4,011,000 (including \$3,005,000 in non-personnel funding) to support online diversion investigations. This enhancement provides operational funding, improved Internet intercept capabilities, computer forensics support, and specialized legal support.

## Justification

The illicit trafficking of controlled pharmaceuticals has been facilitated by the wide use of the Internet and the anonymity it provides. The existence of readily available drugs on the Internet is a great concern because of the potential for abuse and the potential safety issues that revolve around what is largely an unregulated process. A July 2006 DOJ OIG report states, “The increase in the diversion of controlled pharmaceuticals has coincided with the emergence of the Internet as a significant source for diverted pharmaceuticals. Hundreds of Internet pharmacies have been established through which large amounts of pharmaceuticals can be easily purchased with a credit card and without a prescription.”<sup>49</sup> Much of the problem revolves around third-party businesses operating websites that facilitate a doctor’s ability to write and a pharmacy to fill numerous prescriptions without a face-to-face visit.

The growing problem of drug trafficking over the Internet was highlighted in *Operation Cyber Chase*, which culminated on April 20, 2005. This investigation targeted international Internet pharmaceutical traffickers who had operations in the United States, India, Asia, Europe, and the Caribbean. This network shipped controlled substances to buyers of all ages across the globe, and used over 200 Internet websites to take orders. Since July 2003, the network distributed approximately 2.5 million dosage units per month of controlled substances (including Vicodin<sup>®</sup>), anabolic steroids, and amphetamines. This investigation has resulted in 26 arrests, the seizure of 5.8 million dosage units of Schedule II – IV controlled substances, 105 kilograms of Ketamine, and \$8.6 million in U.S. currency.

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<sup>49</sup> *Follow-Up Review of the Drug Enforcement Administration’s Efforts to Control the Diversion of Controlled Pharmaceuticals*. DOJ, Office of the Inspector General, July 2006.

In December 2005, DEA announced the results of *Operation Gear Grinder*, which targeted eight major steroid manufacturing companies, their owners, and their trafficking associates. The Mexico-based organizations produced animal steroids that were diluted for human consumption. The traffickers utilize veterinary websites and e-mail accounts to sell the steroids to customers without a medical evaluation or valid prescription. The steroids were smuggled into the United States via couriers to shipping facilities which in turn shipped the steroids via U. S. Mail, FedEx, and UPS directly to customers world-wide. Alberto Saltiel Cohen, the majority owner of the three largest anabolic steroid manufacturing companies in Mexico, was arrested upon his arrival in San Diego.

For FY 2008, DEA request the following enhancements to support Internet pharmaceutical and chemical diversion investigations:

*SOD Support of Online Diversion Investigations:* DEA requests \$1,250,000 in non-personnel funding for DEA's Special Operations Division's (SOD) support of online diversion investigations. SOD provides coordination and operational support for multi-jurisdictional and high-level diversion operations. SOD support is critical during online pharmacy investigations such as *Operation Cyber Chase*, which targeted international Internet pharmaceutical traffickers in the United States, India, Asia, Europe, and the Caribbean. Drug traffickers are using an array of the latest communication technology devices, which requires coordinated phone and Internet Title III investigative techniques to properly build a case against them. Additional resources will allow SOD to support increases in Internet pharmaceutical investigations. In just one year, SOD-supported Internet pharmaceutical investigations have increased by approximately 200 percent, from 16 in FY 2004 to 49 in FY 2005. This additional funding will be used for travel, equipment, technical costs associated with T-III intercepts, and other operational and investigative requirements that are unique to online diversion investigations.

*Permanent Connectivity of DEA Field Divisions to Major ISPs:* DEA requests \$1,500,000 in non-personnel funding to enable DEA's Office of Investigative Technology to connect DEA Field Divisions to major Internet Service Providers (ISPs). In order to intercept e-mail or other Internet communications for Pen Traps and Title III investigations, DEA must establish a connection to the target's ISP. Currently, a new connection must be made at an ISP for each court order. The new network will allow DEA to retrieve Internet communications data from major ISPs during Pen Traps and Title III intercepts conducted during Diversion investigations. A permanent, secure network will facilitate court order requests, minimize the time required to implement each intercept, and eliminate the need for repetitive travel, and associated costs, to install network intercept equipment. In addition to intercepting targeted Internet communications used by narcotic trafficking organizations, this network supports a major Diversion initiative by targeting illegal online pharmacies.

*Computer Forensics:* DEA requests \$766,000 (including \$255,000 in non-personnel funding) and 7 positions to provide evidence collection and examination support to the growing number of Internet diversion investigations being carried out by DEA's Digital Evidence Laboratory. The requested non-personnel resources will fund a portion of a storage area network (SAN) installation that is necessary for the timely analysis of evidence obtained during online pharmacy investigations. One-third of cases submitted to the computer forensics laboratory are diversion cases. Investigations involving Internet communications and remote server data storage are technically complex and are often time-sensitive, requiring deployment at multiple locations simultaneously.

DEA's Digital Evidence Laboratory examiners played an important role during **Operation Cyber Chase** by examining seized servers, databases, and other computer systems. Findings provided by the examiners to case agents included customer database information and web page content which included scheduled drugs. This information helped the Philadelphia Field Division attain guilty pleas for six defendants and guilty verdicts for two other defendants. During another online pharmacy investigation, **Operation Pharmacom**, over 2,000 work hours were spent analyzing over 80 exhibits. One exhibit contained 30 servers containing approximately 3 terabytes of data. Computer forensic examiners recovered gigabytes of data containing patient information, e-mail correspondents, financial information, and other evidence.

Without the additional staff and resources, DEA will experience significant delays in supporting online pharmacy investigations and prosecutions. The current backlog for exhibit review averages 4 months, with the oldest case being 5 months behind schedule. As of December 29, 2006, 81 cases (434 exhibits) remain in the backlog. In FY 2006, digital evidence exhibit submissions increased 96 percent.

DEA utilizes Immediate Suspension Orders when attacking illegal Internet pharmacies. The use of these Orders requires DEA and the government to provide due process to these businesses. As such, it is imperative that the analysis and forensic examination of computers and associated data is done expeditiously. If it is not the prosecution of these cases and the ability to suspend DEA registrations will be jeopardized.

Legal Support: DEA requests \$495,000 and 5 positions to provide legal clarification and support for online diversion investigations. While DEA does not directly prosecute cases, it does provide litigation support for Internet prosecutions, and it issues Orders to Show Cause and Immediate Suspensions (OTSCs/ISs) to revoke DEA registrations of physicians and pharmacies involved in illicit Internet operations. As Internet-related cases increase, so does the number of OTSCs/ISs administrative proceedings. During a recent online pharmacy investigation, **Operation CyberRx**, DEA attorneys supported agents and diversion investigators from multiple field divisions and Assistant United States Attorneys from several jurisdictions. This operation led to the issuance of 11 ISs of DEA registrations and issuance of an additional 33 OTSCs. Based on the **Operation CyberRx** workload and the volume of Internet cases currently under investigation, DEA anticipates that Internet cases will increase the case load of attorneys supporting diversion investigations by approximately 75 percent for the foreseeable future.

Additionally, the rise of Internet investigations has led to increased demand for legal support in other areas. Because of the sophisticated technologies involved, and the international nature of the Internet and rogue Internet pharmacy operations, Internet investigations raise complex legal issues involving privacy, search and seizure, information collection and sharing, investigative authority, and international law. Currently, DEA does not have enough attorneys to support the exponentially expanding rise in Internet prosecutions.

#### Impact on Performance (Relationship of Increase to Strategic Goals)

Diversion Control Program performance measures include the number of administrative, civil, and criminal sanctions taken against DEA registrants and non-registrants who illegally divert controlled substances or listed chemicals. More and more Controlled Substance Act (CSA)

violations are occurring through websites or with the assistance Internet-based communications. DEA requires sufficient Internet capabilities in order to locate, investigate, and take administrative, civil, or criminal action against these CSA violators.

As DEA increases online pharmacy and other Internet-based diversion investigations, more equipment, training, and support are needed to sustain this effort. Internet investigations, by nature, are complex and multifaceted. Only recently have tools that effectively address the criminal activity on the Internet become available to law enforcement, and DEA needs to capitalize on these improvements in technological investigations to ensure agency-wide coordination of criminal and diversion enforcement activities. Even with these tools, Pen Traps and Title IIIs of e-mails and Internet traffic result in the collection of large amounts of data that require extensive resources for data minimization and analysis.

During *Operation CyberRX*, Pen Trap efforts resulted in the collection of nearly 7 gigabytes of packet data (IP headers) and e-mail header data. This is equivalent to nearly 280,000 pages of information. The Title III portion of the operation, when all the data was collected (not just the headers), resulted in the collection of approximately 29 gigabytes of IP and e-mail data. This is equivalent to approximately 1.2 million pages of data. To date, *Operation CyberRX* has been the largest collection of data done on an Internet pharmacy website, and it is anticipated that the volume of this collection may be an indicator of the volume of data that will be collected in future Internet investigations.

DEA has been aggressively investigating and prosecuting individuals involved in the illegal sale of prescription drugs over the Internet. Over the past year, DEA has increased the number of Internet diversion investigations, and these efforts have produced positive results.

- During FY 2006, DEA initiated 96 online pharmaceutical and steroid investigations. This is an increase of 7 percent from FY 2005 when 90 online pharmaceutical and steroid investigations were initiated.
- In FY 2006, 14.7 percent of Diversion Control Program (DCP) case work hours were for Internet cases. This is an increase of 26.7 percent from FY 2005 when 11.6 percent of DCP case work hours were for Internet cases.
- In FY 2006, as a result of Internet investigations, DEA seized nearly \$29 million in cash, bank accounts, property, and computers.<sup>50</sup>

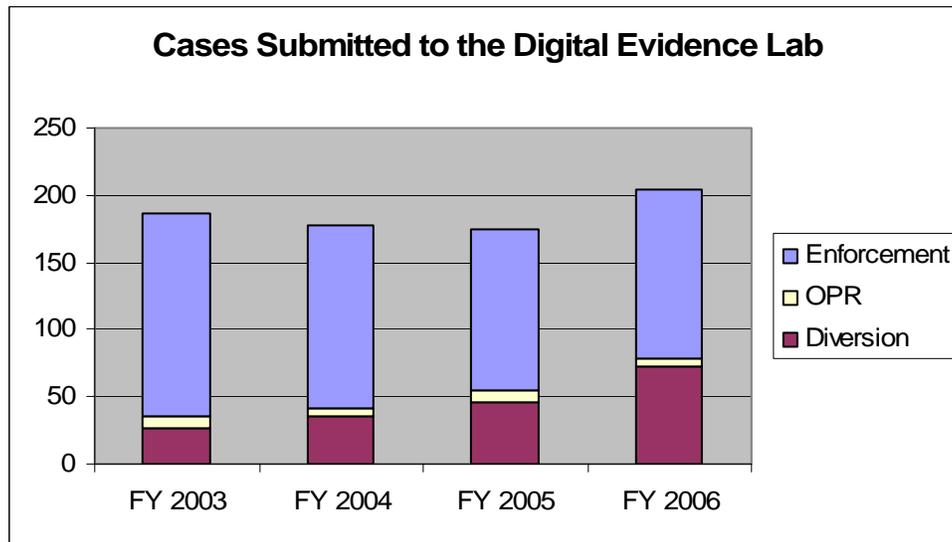
It is anticipated that the Internet-related caseload will continue to increase as more drug trafficking organizations establish an online presence, or continue to further expand their online activities. It is imperative that DEA remain at the forefront of the latest Internet technology and training in order to address the increasing caseload. It is also important that DEA continue to use the latest intelligence gathering techniques to address the demands of Internet-related investigations already underway.

Computer forensics support is vital to online pharmacy investigations. Since FY 2003, the number of cases submitted to DEA's Digital Evidence Laboratory has remained fairly constant. However, a larger number of exhibits with a larger amount of data are being submitted for each case. In addition, the percentage of diversion cases submitted for analysis continues to grow. Diversion case submission to the lab increased by 28 percent between FY 2004 and FY 2005,

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<sup>50</sup> Includes GDEP Level "Z" cases and other SOD-coordinated Internet investigations.

and 57 percent in FY 2006. The following graph illustrates the number of diversion, enforcement, and Office of Professional Responsibility (OPR) cases submitted to the Digital Evidence Lab:



These enhancements will allow DEA to address current caseload requirements as well as future anticipated growth in this rapidly expanding field. Moreover, DEA will expand its coordination capabilities, centralize important functions currently done on an individual case or division basis, and enhance the investigative focus on disruption and dismantlement of major trafficking organizations. These investments in technology and staffing will save DEA from future financial burdens of centralizing functions and addressing investigative shortcomings as drug traffickers continue to expand their operations through the Internet.

## Funding

### Base Funding

FY 2006 Enacted				FY 2007 Estimate				FY 2008 President's Budget Current Services			
Pos	Agents	FTE	\$000	Pos	Agents	FTE	\$000	Pos	Agents	FTE	\$000
5	0	3	\$4,821	5	0	5	\$4,793	5	0	5	\$4,952

### Personnel Increase Cost Summary

Type of Position	Modular Cost per Position (\$000)	Number of Positions Requested	FY 2008 Request (\$000)
Attorney	\$108	4	\$434
Professional Administrative	\$62	4	\$247
Professional Administrative GS 13/5	\$91	3	\$271
Technical Clerical	\$54	1	\$54
<b>Total Personnel</b>		<b>12</b>	<b>\$1,006</b>

### Non-Personnel Increase Cost Summary

Non-Personnel Item	Unit Cost	Quantity	FY 2008 Request (\$000)
SOD Online Investigatons			\$1,250
Connction to ISPs			\$1,500
Computer Forensics SAN			\$255
<b>Total Non-Personnel</b>			<b>\$3,005</b>

### Total Request for this Item

	Pos	Agents	FTE	Personnel (\$000)	Non-Personnel (\$000)	Total (\$000)
Current Services	5	0	5	\$788	\$4,164	\$4,952
Increases	12	0	6	\$1,006	\$3,005	\$4,011
<b>Grand Total</b>	<b>17</b>	<b>0</b>	<b>11</b>	<b>\$1,794</b>	<b>\$7,169</b>	<b>\$8,963</b>

**Item Name:** Conversion of Diversion Investigators

Budget Decision Unit: DCFA

Strategic Goal & Objective: Goal II; Objective 2.2

Organizational Program: Diversion Control Program

Program Increase: Pos: 0 Agents: 0 FTE: 0 Dollars: \$11,588,000

#### Description of Item

Pending approval by the Office of Personnel Management, DEA will begin converting Diversion Investigators (DI) to criminal investigative series positions. The conversion process will be phased in between FY 2007 and FY 2016. DEA requests \$11,588,000 to fund the FY 2008 cost of DI conversions.

#### Justification

The current DI workforce assigned to DEA's Diversion Control Program performs periodic audits and inspections of DEA registrants, such as pharmacies, physicians, and wholesale or retail drug outlets, to assure compliance with regulatory requirements for the handling of controlled substances. As diversion started occurring at the retail level, the majority of DI investigations are initiated as a result of intelligence concerning actual diversion rather than through cyclical or unscheduled audits. Between 65 and 75 percent of the DI investigations are criminal/complaint investigations.

DIs are limited in the type of activities they can perform. When front-line law enforcement activity is required during a diversion investigation, Special Agents must become involved to perform the enforcement functions needed to develop evidence of criminal violations. Such a requirement can result in delays in developing cases for prosecution, and quality of the investigation can suffer because Special Agents may lack experience in conducting diversion investigations.

DEA believes that the best use of Diversion Control Program resources would be to establish a hybrid occupational series. The duties of the current DI position include maintaining liaison with all levels of the drug and chemical registrant population, conduction regulatory investigations, and conduction criminal investigations with the assistance of Special Agents. The new series would combine key aspects of the DI (GS-1801) and Criminal Investigator (GS-1811) positions. The new hybrid position would be a law enforcement officer position with law enforcement duties and benefits. The expertise required of the hybrid DI position includes knowledge of the CSA, criminal investigative techniques, arrest authority, and the ability to give Miranda warnings, issue search warrants, and conduct undercover work.

Once the new series is established, qualified GS-1801s would be converted to the new hybrid Diversion Investigator series, and future GS-1801 vacancies would be filled using the new hybrid DI position. Over the next 10 years, DEA projects the number of hybrid DI positions to

be approximately 472. It is expected that only 18 to 20 percent of the current DI workforce would both qualify and be eligible for placement in the new hybrid positions. Those who chose not to (or are ineligible to) move to the new series would remain in the GS-1801 series performing regulatory work. To be eligible to convert to the new hybrid position, employees must meet the maximum entry of a law enforcement officer position, which the Department established as age 37. Additionally, employees must meet the physical requirements for law enforcement officers.

In the first year of implementation, or FY 2007, 70 of the current on-board DIs would be converted to the new series, with preference given to those who are with one year of their 37<sup>th</sup> birthday. The DIs would be required to attend one of the two law enforcement officer training courses during the fourth quarter of FY 2007. In FY 2008, an additional 42 on-board investigators plus 40 new DIs would be hired in the new series. In FY 2009 and beyond, 40 DIs would be hired in the new series based on the historical attrition of DIs.

The Justice Management Division's Budget Staff, in conjunction with DEA, determined the overall costs of implementing the new series, including the impact on the Diversion Control Fee Account. The total supplemental cost to hire DIs in the new series is approximately \$13 million over FY 2007 and FY 2008. This enhancement funds the FY 2008 cost of DI conversions. Hybrid DI/law enforcement positions will require additional funding for law enforcement pay, LEAP, and law enforcement benefits. In addition, converted positions will require law enforcement training and the proper supplies and equipment to conduct investigations.

#### Impact on Performance (Relationship of Increase to Strategic Goals)

Diversion Control Program performance measures include the number of administrative, civil, and criminal sanctions taken against DEA registrants and non-registrants who illegally divert controlled substances or listed chemicals. Between 65 and 75 percent of the DI investigations are criminal/complaint investigations. Law enforcement authority is necessary to conduct criminal diversion investigations and ultimately take criminal sanctions against those violating the law.

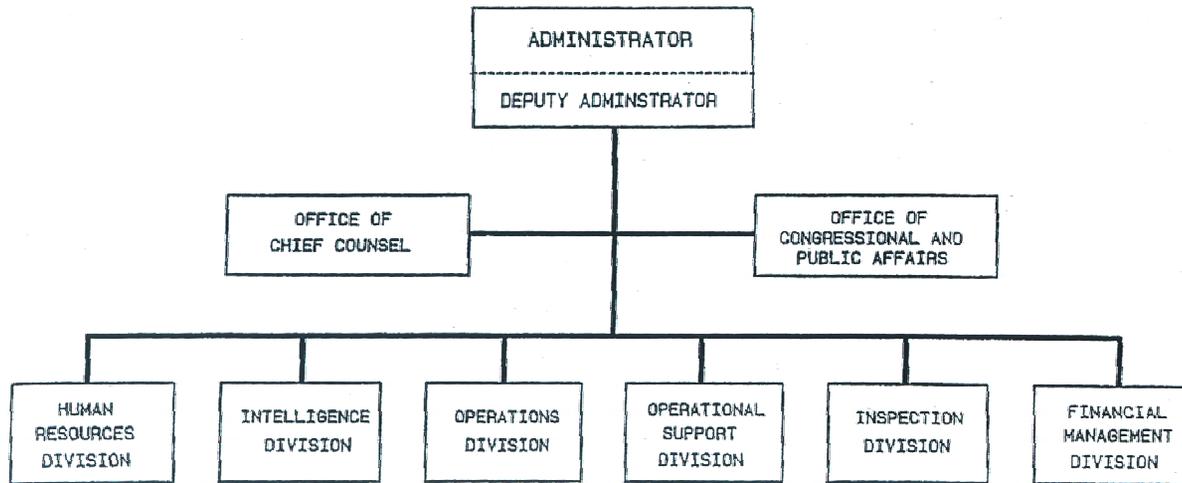
**c. Results of Program Assessment Rating Tool (PART) Reviews**

Please refer to page 8 in the Overview.

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**A: Organizational Chart**

**DRUG ENFORCEMENT ADMINISTRATION**



Approved *Janet Reno* Date 5/23/95  
JANET RENO  
Attorney General

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**B: Summary of Requirements**

**Drug Enforcement Administration  
 FY 2008 Congressional Submission  
 Summary of Requirements  
 Salaries and Expenses  
 (Dollars in Thousands)**

	FY 2008 Request		
	Pos.	FTE	Amount
<b>2006 Enacted (with Rescissions, direct only)</b> .....	8,251	8,157	\$ 1,664,918
2006 Supplementals .....	-	-	24,200
<b>Total 2006 Appropriation Enacted (with Rescissions and Supplementals)</b> .....	<b>8,251</b>	<b>8,157</b>	<b>\$ 1,689,118</b>
2007 President's Budget (Information Only) .....	8,138	8,021	\$ 1,736,491
2007 Continuing Resolution Level (as reflected in the 2008 President's Budget; Information Only).....	8,251	8,157	\$ 1,684,538
<b>2007 Estimate (direct only)*</b> .....	<b>8,138</b>	<b>8,021</b>	<b>\$ 1,720,207</b>
Adjustments to Base			
Increases:			
-2008 Pay Raise (3.0%).....	-	-	\$ 19,803
-2007 Pay Raise Annualization (2.2%).....	-	-	6,351
-Annualization of the 2007 positions (FTE & dollars).....	-	33	1,020
-Annualization of the 2006 positions (dollars).....	-	-	760
-Change in Compensable Days.....	-	-	6,751
-Thrift Savings Plan.....	-	-	2,072
-Health Insurance.....	-	-	3,167
-Employee Compensation Fund.....	-	-	396
-GSA Rent.....	-	-	20,465
-Moving/Lease Expirations.....	-	-	64
-DHS Security.....	-	-	121
-Security Investigations.....	-	-	351
-Capital Security Cost Sharing.....	-	-	4,077
-Government Leased Quarters (GLQ) Requirements.....	-	-	38
-Foreign Cost of Living Adjustment (COLA).....	-	-	797
-Residential Guard Service (RGS).....	-	-	337
Subtotal Increases .....	-	33	\$ 66,570
Decreases:			
-Unfunded Position and FTE Decrease.....	(466)	(466)	\$ -
-Non-personnel Intelligence and National Security.....	-	-	\$ (1,229)
-Non-personnel Drug Flow .....	-	-	(1,717)
Subtotal Decreases .....	(466)	(466)	\$ (2,946)
Total Adjustments to Base .....	(466)	(433)	\$ 63,624
<b>2008 Current Services</b> .....	<b>7,672</b>	<b>7,588</b>	<b>\$ 1,783,831</b>

**B: Summary of Requirements**

**Drug Enforcement Administration**  
**FY 2008 Congressional Submission**  
**Summary of Requirements Continued**  
**Salaries and Expenses**  
(Dollars in Thousands)

Program Changes			
Program Increases			
-Southwest Border and Methamphetamine Enforcement.....	8	4	\$ 29,172
-Counterterrorism and Intelligence Sharing.....	7	4	7,124
-Online Investigations.....	-	-	<u>3,020</u>
Subtotal Increases.....	15	8	\$ 39,316
Program Offsets			
-MET.....	<u>(83)</u>	<u>(80)</u>	<u>\$ (20,578)</u>
Subtotal Offsets.....	(83)	(80)	(20,578)
<b>Total Program Change .....</b>	<b>(68)</b>	<b>(72)</b>	<b>\$ 18,738</b>
<b>2008 Total Request .....</b>	<b>7,604</b>	<b>7,516</b>	<b>\$ 1,802,569</b>
2007 - 2008 Total Change .....	(534)	(505)	\$ 82,362

\* The Department of Justice 2008 budget request was built on a starting point that recognized progress in enacting the FY 2007 appropriation. The starting point used (referred to throughout this document as the "Estimate") is the average of the Senate Committee and House passed marks, less one percent, unless noted otherwise.

**B: Summary of Requirements**

**Drug Enforcement Administration  
FY 2008 Congressional Submission  
Summary of Requirements Continued  
Salaries and Expenses  
(Dollars in Thousands)**

Estimates by budget activity	2006 Appropriation Enacted with Rescissions and Supplemental			2007 Estimate			2008 Adjustments to Base <sup>1</sup>			2008 Current Services			2008 Increases			2008 Offsets			2008 Request		
	Pos.	FTE	Amount	Pos.	FTE	Amount	Pos.	FTE	Amount	Pos.	FTE	Amount	Pos.	FTE	Amount	Pos.	FTE	Amount	Pos.	FTE	Amount
International Enforcement	1,024	973	\$ 321,133	1,047	995	\$ 336,119	-	8	\$ 8,471	1,047	1,003	\$ 344,590	-	-	\$ 644	-	-	\$ -	1,047	1,003	\$ 345,234
Domestic Enforcement	6,880	6,844	1,287,445	6,956	6,896	1,333,324	(448)	(423)	66,189	6,508	6,473	1,399,513	15	8	38,672	-	-	-	6,523	6,481	\$ 1,438,185
State and Local Assistance	347	340	80,540	135	130	50,764	(18)	(18)	(11,036)	117	112	39,728	-	-	-	(83)	(80)	(20,578)	34	32	\$ 19,150
<b>Total</b>	<b>8,251</b>	<b>8,157</b>	<b>\$ 1,689,118</b>	<b>8,138</b>	<b>8,021</b>	<b>\$ 1,720,207</b>	<b>(466)</b>	<b>(433)</b>	<b>\$ 63,624</b>	<b>7,672</b>	<b>7,588</b>	<b>\$ 1,783,831</b>	<b>15</b>	<b>8</b>	<b>\$ 39,316</b>	<b>(83)</b>	<b>(80)</b>	<b>\$ (20,578)</b>	<b>7,604</b>	<b>7,516</b>	<b>\$ 1,802,569</b>
<b>Reimbursable FTE</b>		<b>1,498</b>			<b>1,448</b>			<b>-</b>		<b>1,448</b>				<b>-</b>			<b>-</b>			<b>1,448</b>	
<b>Total FTE</b>		<b>9,655</b>			<b>9,469</b>			<b>(433)</b>		<b>9,036</b>				<b>8</b>			<b>(80)</b>			<b>8,964</b>	
<b>Other FTE:</b>																					
LEAP/AUO		1,039			997			(60)		937				-			-			937	
Overtime		60			60			(2)		58				1			-			59	
Total Premium Pay FTE		1,099			1,057			(62)		995				1			-			996	
<b>Grand Total Compensable FTE</b>		<b>10,754</b>			<b>10,526</b>			<b>(495)</b>		<b>10,031</b>				<b>9</b>			<b>(80)</b>			<b>9,960</b>	

<sup>1</sup> Current services positions and FTEs by specific program within each decision unit reflect estimates that may change once final staffing decisions have been determined.

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**B: Summary of Requirements**

**Drug Enforcement Administration**  
**FY 2008 Congressional Submission**  
**Summary of Requirements**  
**Diversion Control Fee Account**  
(Dollars in Thousands)

	FY 2008 Request		
	Pos.	FTE	Amount
<b>Total 2006 Appropriation Enacted</b> .....	<b>1,139</b>	<b>1,107</b>	<b>\$ 201,673</b>
2007 President's Budget (Information Only) .....	1,172	1,152	\$ 212,078
2007 Continuing Resolution Level (as reflected in the 2008 President's Budget; Information Only).....	1,172	1,152	\$ 212,078
<b>2007 Estimate (direct only)</b> .....	<b>1,172</b>	<b>1,152</b>	<b>\$ 212,078</b>
Adjustments to Base			
Increases:			
-2008 Pay Raise (3.0%).....	-	-	\$ 2,341
-2007 Pay Raise Annualization (2.2%).....	-	-	730
-Annualization of the 2007 positions (FTE & dollars).....	-	16	769
-Annualization of the 2006 positions (dollars).....	-	-	2,887
-Change in Compensable Days.....	-	-	748
-Thrift Savings Plan.....	-	-	308
-Health Insurance.....	-	-	298
-Employee Compensation Fund.....	-	-	34
-GSA Rent.....	-	-	2,504
-DHS Security.....	-	-	13
-Postage.....	-	-	73
-Security Investigations.....	-	-	41
-GPO Printing and Reproduction.....	-	-	15
Subtotal Increases .....	-	16	\$ 10,761
Total Adjustments to Base .....	-	16	\$ 10,761
<b>2008 Current Services</b> .....	<b>1,172</b>	<b>1,168</b>	<b>\$ 222,839</b>
Program Changes			
Program Increases			
-Southwest Border and Methamphetamine Enforcement.....	3	2	\$ 811
-Online Investigations.....	12	6	4,011
-Diversion Investigator Conversion.....	-	-	11,588
Subtotal Increases.....	15	8	\$ 16,410
<b>Total Program Change</b> .....	<b>15</b>	<b>8</b>	<b>\$ 16,410</b>
<b>2008 Total Request</b> .....	<b>1,187</b>	<b>1,176</b>	<b>\$ 239,249</b>
2007 - 2008 Total Change .....	15	24	\$ 27,171

**B: Summary of Requirements**

**Drug Enforcement Administration  
 FY 2008 Congressional Submission  
 Summary of Requirements Continued  
 Diversion Control Fee Account  
 (Dollars in Thousands)**

Estimates by budget activity	2006 Appropriation Enacted with Rescissions and Supplemental			2007 Estimate			2008 Adjustments to Base			2008 Current Services			2008 Increases			2008 Offsets			2008 Request		
	Pos.	FTE	Amount	Pos.	FTE	Amount	Pos.	FTE	Amount	Pos.	FTE	Amount	Pos.	FTE	Amount	Pos.	FTE	Amount	Pos.	FTE	Amount
Diversion Control Fee Account	1,139	1,107	\$ 201,673	1,172	1,152	\$ 212,078	-	16	\$ 10,761	1,172	1,168	\$ 222,839	15	8	\$ 16,410	-	-	\$ -	1,187	1,176	\$ 239,249
Total	1,139	1,107	\$ 201,673	1,172	1,152	\$ 212,078	-	16	\$ 10,761	1,172	1,168	\$ 222,839	15	8	\$ 16,410	-	-	\$ -	1,187	1,176	\$ 239,249
<b>Reimbursable FTE</b>		-			-			-		-				-			-			-	
Total FTE		1,107		1,152		16		1,168		8									1,176		
<b>Other FTE:</b>																					
LEAP/AUO		15		18		-		18		-											18
Overtime		16		16		-		16		1											17
Total Premium Pay FTE		31		34		-		34		1											35
<b>Grand Total Compensable FTE</b>		1,138		1,186		16		1,202		9											1,211

**C: Program Increases and Offsets By Decision Unit**

**Drug Enforcement Administration**  
**FY 2008 Congressional Submission**  
**Program Changes by Decision Unit**  
(Dollars in Thousands)

Program Increases	Domestic (D)				Foreign (F)				State and Local Assistance (S)				Diversion Control Fee Account				Total Increases
	Pos.	Agt.	FTE	Amount	Pos.	Agt.	FTE	Amount	Pos.	Agt.	FTE	Amount	Pos.	Agt.	FTE	Amount	
Southwest Border and Meth Enforcement	8	-	4	\$ 29,172	-	-	-	\$ -	-	-	-	\$ -	3	1	2	\$ 811	\$ 29,983
Counterterrorism and Intelligence Sharing	7	1	4	6,480	-	-	-	644	-	-	-	-	-	-	-	-	7,124
Online Investigations	-	-	-	3,020	-	-	-	-	-	-	-	-	-	-	-	-	3,020
Online Diversion Investigations	-	-	-	-	-	-	-	-	-	-	-	-	12	-	6	4,011	4,011
Diversion Investigator Conversion	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	11,588	11,588
<b>Total Program Increases</b>	<b>15</b>	<b>1</b>	<b>8</b>	<b>\$ 38,672</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>\$ 644</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>\$ -</b>	<b>15</b>	<b>1</b>	<b>8</b>	<b>\$ 16,410</b>	<b>\$ 55,726</b>

Program Offsets	Domestic (D)				Foreign (F)				State and Local Assistance (S)				Diversion Control Fee Account				Total Offsets
	Pos.	Agt.	FTE	Amount	Pos.	Agt.	FTE	Amount	Pos.	Agt.	FTE	Amount	Pos.	Agt.	FTE	Amount	
MET	-	-	-	\$ -	-	-	-	\$ -	(83)	(80)	(80)	\$ (20,578)	-	-	-	\$ -	\$ (20,578)
<b>Total Offsets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>\$ -</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>\$ -</b>	<b>(83)</b>	<b>(80)</b>	<b>(80)</b>	<b>\$ (20,578)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>\$ -</b>	<b>\$ (20,578)</b>

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**D: Resources by DOJ Strategic Goal and Objective**

**Drug Enforcement Administration**  
**FY 2008 Congressional Submission**  
**Resources by DOJ Strategic Goal and Objective**  
(Dollars in Thousands)

Strategic Goal/Objective	2006 Appropriation Enacted w/ Rescissions and Supplementals		2007 Estimate		2008 Current Services		2008				2008 Request	
	FTE	Amount \$000s	FTE	Amount \$000s	FTE	Amount \$000s	Increases		Offsets		FTE	Amount \$000s
							FTE	Amount \$000s	FTE	Amount \$000s		
<b>Goal 1: Prevent Terrorism and Promote the Nation's Security</b>												
1.1 Salaries and Expenses Account	76	\$ 46,947	157	\$ 52,353	185	\$ 53,717	-	\$ -	-	\$ -	185	\$ 53,717
<b>Subtotal, Goal 1</b>	<b>76</b>	<b>\$ 46,947</b>	<b>157</b>	<b>\$ 52,353</b>	<b>185</b>	<b>\$ 53,717</b>	<b>-</b>	<b>\$ -</b>	<b>-</b>	<b>\$ -</b>	<b>185</b>	<b>\$ 53,717</b>
<b>Goal 2: Enforce Federal Laws and Represent the Rights and Interests of the American People</b>												
2.1 Salaries and Expenses Account	9,579	\$ 1,642,171	9,312	\$ 1,667,854	8,851	\$ 1,730,114	8	\$ 39,316	(80)	\$ (20,578)	8,779	\$ 1,748,852
2.1 Diversion Control Fee Account	1,107	\$ 201,673	1,152	\$ 212,078	1,168	\$ 222,839	8	\$ 16,410	-	\$ -	1,176	\$ 239,249
<b>Subtotal, Goal 2</b>	<b>10,686</b>	<b>\$ 1,843,844</b>	<b>10,464</b>	<b>\$ 1,879,932</b>	<b>10,019</b>	<b>\$ 1,952,953</b>	<b>16</b>	<b>\$ 55,726</b>	<b>(80)</b>	<b>\$ (20,578)</b>	<b>9,955</b>	<b>\$ 1,988,101</b>
<b>GRAND TOTAL</b>	<b>10,762</b>	<b>\$ 1,890,791</b>	<b>10,621</b>	<b>\$ 1,932,285</b>	<b>10,204</b>	<b>\$ 2,006,670</b>	<b>16</b>	<b>\$ 55,726</b>	<b>(80)</b>	<b>\$ (20,578)</b>	<b>10,140</b>	<b>\$ 2,041,818</b>

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## E: Justification for Base Adjustments

### Drug Enforcement Administration FY 2008 Congressional Submission Justification for Base Adjustments<sup>1</sup> Salaries and Expenses

#### Increases

2008 pay raise. This request provides for a proposed 3.0 percent pay raise to be effective in January of 2008. This increase includes locality pay adjustments as well as the general pay raise. The amount requested, **\$19,803,000**, represents the pay amounts for 3/4 of the fiscal year plus appropriate benefits (**\$14,813,000** for pay and **\$4,990,000** for benefits).

Annualization of 2007 pay raise. This pay annualization represents first quarter amounts (October through December) of the 2007 pay increase of 2.2 percent. The amount requested, **\$6,351,000**, represents pay amounts for 1/4 of the fiscal year plus appropriate benefits (**\$4,751,000** for pay and **\$1,600,000** for benefits).

<sup>1</sup> ATBs must be recalculated following final FY 2007 action.

## E: Justification for Base Adjustments

### Drug Enforcement Administration FY 2008 Congressional Submission Justification for Base Adjustments Continued Salaries and Expenses

Annualization of additional positions approved in 2006 and 2007. This provides for the annualization of **33** additional positions appropriated in 2006 and **67** additional positions requested in the 2007 President's budget. Annualization of new positions extends to 3 years to provide for entry level funding in the first year with a 2-year progression to the journeyman level. For 2006 increases, this request includes an increase of **\$760,000** for full-year payroll costs associated with these additional positions. For 2007, this request includes a decrease of **-\$6,474,000** for one-time items associated with the increased positions, and an increase of **\$7,494,000** for full-year costs associated with these additional positions, for a net increase of **\$1,020,000**.

	2006 Increases (\$000)	Annualization Required for 2008 (\$000)	2007 Increases (\$000)	Annualization Required for 2008 (\$000)
Annual salary rate of new positions	\$ 900	\$ 563	\$ 5,924	\$ 3,435
Less lapse (50 %)	450	-	2,962	-
Net Compensation	450	563	2,962	3,435
Associated employee benefits	322	197	1,124	1,303
Travel	711		153	312
Transportation of Things	-		771	204
Communications/Utilities	308		467	854
Printing/Reproduction	-		4	3
Other Contractual Services:				
25.2 Other Services	908		2,259	(1,605)
25.3 Purchase of Goods and Services from Government Accts.	361		1,452	(448)
25.4 Operation and Maintenance of Facilities	-		-	-
25.6 Medical Care	27		50	3
Supplies and Materials	35		76	10
Equipment	1822		3,958	(3,051)
<b>TOTAL COSTS SUBJECT TO ANNUALIZATION</b>	<b>\$ 4,944</b>	<b>\$ 760</b>	<b>\$ 13,276</b>	<b>\$ 1,020</b>

## E: Justification for Base Adjustments

### Drug Enforcement Administration FY 2008 Congressional Submission Justification for Base Adjustments Continued Salaries and Expenses

Changes in Compensable Days. The increase costs of two more compensable day in FY 2008 compared to FY 2007 is calculated by dividing the FY 2007 estimated personnel compensation **\$679,492,000** and applicable benefits **\$198,140,000** by 260 compensable days. The cost increase of two compensable days is **\$6,751,000**.

Thrift Saving Plan (TSP). The cost of agency contributions to the TSP will rise as Federal Employees' Retirement System (FERS) participation increases. The contribution rate is 4.3 percent and the increase of the TSP is **\$2,072,000**.

Health Insurance. Effective January 2006, this component's contribution to Federal employees' health insurance premiums increase by **5.9** percent. Applied against the 2007 estimate of **\$53,678,000** the additional amount required is **\$3,167,000**.

Employee Compensation Fund. This request provides for the adjustment of the Department of Labor billing for injury benefits associated with a particular agency. The requested increase of **\$396,000** is required to meet our commitment to the Department of Labor.

General Services Administration (GSA) Rent. GSA will continue to charge rental rates that approximate those charged to commercial tenants for equivalent space and related services. The requested increase of **\$20,465,000** is required to meet our commitment to GSA. The costs associated with GSA rent were derived through the use of an automated system, which uses the latest inventory data, including rate increases to be effective in FY 2007 for each building currently occupied by Department of Justice components, as well as the costs of new space to be occupied. GSA provided data on the rate increases.

Moves (Lease Expirations). GSA requires all agencies to pay relocation costs associated with lease expirations. This request provides for the costs associated with new office relocations caused by the expiration of leases in FY 2008. Funding of **\$64,000** is required for this account.

Department of Homeland Security (DHS) Security Charges. DHS will continue to charge Basic Security and Building Specific Security. The requested increase of **\$121,000** is required to meet our commitment to DHS. Cost estimates were developed by DHS.

Security Investigations. The **\$351,000** increase reflects payments to the Office of Personnel Management for background reinvestigations for employees requiring security clearances.

## E: Justification for Base Adjustments

### Drug Enforcement Administration FY 2008 Congressional Submission Justification for Base Adjustments Continued Salaries and Expenses

Overseas Capital Security Cost Sharing (CSCS). The Department of State (DOS) is in the midst of a 14-year, \$17.5 billion embassy construction program, with a plan to build approximately 150 new diplomatic and consular compounds. State has proposed that costs be allocated through a CSCS program in which each agency will contribute funding based on the number of positions that are authorized for overseas personnel. The total agency cost will be phased in over 5 years. The estimated cost to the Department, as provided by the Department of State, for FY 2008 is **\$50,974,000**. The DEA currently has **945** positions overseas, and funding of **\$4,077,000** is requested for this account.

Government Leased Quarters (GLQ) Requirement. GLQ is a mandatory program managed by DOS that provides government employees stationed overseas with housing and utilities. DOS exercises authority for leases and control of the GLQs and negotiates the lease for components. **\$38,000** reflects the change in cost to support existing staffing levels.

Post Allowance - Cost of Living Allowance (COLA). For employees stationed abroad, components are obligated to pay for their COLA. The COLA is intended to reimburse certain excess costs and to compensate the employee for serving at a post where the cost of living, excluding the cost of quarters and the cost of education for eligible family members, is substantially higher than in the Washington, D.C. area. **\$797,000** reflects the increase in cost to support existing staffing levels.

Residential Guard Service (RGS). **\$337,000** is the change in cost to support existing staffing levels for DOS RGS, which provides for the security of employee housing

#### Decreases

Non-Personnel Funding Requested in 2007. **(\$2,946,000)** is the non-recur amount of the non-personnel funding requested in the initiatives included in the FY 2007 President's Budget.

Unfunded Position and FTE Reduction. Over the past several years, the Department has been unable to fund positions and FTE at the authorized levels because of enacted rescissions, pay raise absorptions, and other mandatory cost increases. The Department is eliminating these unfunded positions and FTE in FY 2008, including 466 positions and 466 FTE for DEA's S&E account.

## E: Justification for Base Adjustments

### Drug Enforcement Administration FY 2008 Congressional Submission Justification for Base Adjustments<sup>1</sup> Diversion Control Fee Account

#### Increases

2008 pay raise. This request provides for a proposed 3.0 percent pay raise to be effective in January of 2008. This increase includes locality pay adjustments as well as the general pay raise. The amount requested, **\$2,341,000**, represents the pay amounts for 3/4 of the fiscal year plus appropriate benefits (**\$1,806,000** for pay and **\$535,000** for benefits).

Annualization of 2007 pay raise. This pay annualization represents first quarter amounts (October through December) of the 2007 pay increase of 2.2 percent. The amount requested **\$730,000**, represents the pay amounts for 1/4 of the fiscal year plus appropriate benefits (**\$563,000** for pay and **\$167,000** for benefits).

<sup>1</sup> ATBs must be recalculated following final FY 2007 action

## E: Justification for Base Adjustments

### Drug Enforcement Administration FY 2008 Congressional Submission Justification for Base Adjustments Continued Diversion Control Fee Account

Annualization of additional positions approved in 2006 and 2007. This provides for the annualization of **109** additional positions appropriated in 2006 and **33** additional positions requested in the 2007 President's budget. Annualization of new positions extends to 3 years to provide for entry level funding in the first year with a 2-year progression to the journeyman level. For 2006 increases, this request includes an increase of **\$2,887,000** for full-year payroll costs associated with these additional positions. For 2007, this request includes a decrease of **-\$1,780,000** for one-time items associated with the increased positions, and an increase of **\$2,549,000** for full-year costs associated with these additional positions, for a net increase of **\$769,000**.

	2006 Increases (\$000)	Annualization Required for 2008 (\$000)	2007 Increases (\$000)	Annualization Required for 2008 (\$000)
Annual salary rate of new positions	\$ 13,330	\$ 2,154	\$ 1,498	\$ 1,100
Less lapse (50 %)	6,665	-	749	-
Net Compensation	6,665	2,154	749	1100
Associated employee benefits	2,415	733	222	313
Travel	391		-	97
Transportation of Things	696		2	645
Communications/Utilities	1,165		53	298
Printing/Reproduction	-		-	-
Other Contractual Services:				
25.2 Other Services	2,199		867	(745)
25.3 Purchase of Goods and Services from Government Accts.	533		332	(162)
25.4 Operation and Maintenance of Facilities	-		-	-
25.6 Medical Care	107		6	6
Supplies and Materials	301		26	12
Equipment	4189		1106	(795)
<b>TOTAL COSTS SUBJECT TO ANNUALIZATION</b>	<b>\$ 18,661</b>	<b>\$ 2,887</b>	<b>\$ 3,363</b>	<b>\$ 769</b>

## E: Justification for Base Adjustments

### Drug Enforcement Administration FY 2008 Congressional Submission Justification for Base Adjustments Continued Diversion Control Fee Account

Changes in Compensable Days. The increase costs of two more compensable day in FY 2008 compared to FY 2007 is calculated by dividing the FY 2007 estimated personnel compensation **\$80,813,000** and applicable benefits **\$16,351,000** by 260 compensable days. The cost increase for two compensable days is **\$748,000**.

Thrift Saving Plan (TSP). The cost of agency contributions to the TSP will rise as Federal Employees' Retirement System (FERS) participation increases. The contribution rate is 4.3 percent and the increase of the TSP is **\$308,000**.

Employee Compensation Fund. This request provides for the adjustment of the Department of Labor billing for injury benefits associated with a particular agency. The requested increase of **\$34,000** is required to meet our commitment to the Department of Labor.

General Services Administration (GSA) Rent. GSA will continue to charge rental rates that approximate those charged to commercial tenants for equivalent space and related services. The requested increase of **\$2,504,000** is required to meet our commitment to GSA. The costs associated with GSA rent were derived through the use of an automated system, which uses the latest inventory data, including rate increases to be effective in FY 2007 for each building currently occupied by Department of Justice components, as well as the costs of new space to be occupied. GSA provided data on the rate increases.

Health Insurance. Effective January 2006, this component's contribution to Federal employees' health insurance premiums increase by **5.9** percent. Applied against the 2007 estimate of **\$5,062,000** the additional amount required is **\$298,000**.

Department of Homeland Security (DHS) Security Charges. DHS will continue to charge Basic Security and Building Specific Security. The requested increase of **\$13,000** is required to meet our commitment to DHS. Cost estimates were developed by DHS.

Postage. Effective January 8, 2006, the Postage Service implemented a rate increase of 5.4 percent. This percentage was applied to the 2007 estimate of **\$1,352,000** to arrive at an increase of **\$73,000**.

Security Investigations. The **\$41,000** increase reflects payments to the Office of Personnel Management for background reinvestigations for employees requiring security clearances.

Government Printing Office (GPO). GPO provided an estimated rate increase of 4%. This percentage was applied to the FY 2007 estimate of **\$382,000** to arrive at an increase of **\$15,000**.

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## F: Crosswalk of FY 2006 Availability

### Drug Enforcement Administration FY 2008 Congressional Submission Crosswalk of 2006 Availability Salaries and Expenses (Dollars in Thousands)

Decision Unit	FY 2006 Enacted Without Rescissions			Rescissions			Supplementals			Reprogrammings / Transfers			Carryover / Recoveries			2006 Availability		
	Pos.	FTE	Amount	Pos.	FTE	Amount	Pos.	FTE	Amount	Pos.	FTE	Amount	Pos.	FTE	Amount	Pos.	FTE	Amount
International Enforcement	1,024	973	\$ 316,477	-	-	\$ (4,544)	-	-	\$ 9,200	-	-	\$ 2,259	-	-	\$ 22,270	1,024	973	\$ 345,662
Domestic Enforcement	6,979	6,943	\$ 1,288,450	(99)	(99)	\$ (16,005)	-	-	\$ 15,000	-	-	\$ 6,000	-	-	\$ 52,269	6,880	6,844	\$ 1,345,714
State and Local Assistance	347	340	\$ 81,530	-	-	\$ (990)	-	-	\$ -	-	-	\$ 2,842	-	-	\$ 3,100	347	340	\$ 86,482
<b>TOTAL, DEA</b>	<b>8,350</b>	<b>8,256</b>	<b>\$ 1,686,457</b>	<b>(99)</b>	<b>(99)</b>	<b>\$ (21,539)</b>	<b>-</b>	<b>-</b>	<b>\$ 24,200</b>	<b>-</b>	<b>-</b>	<b>\$ 11,101</b>	<b>-</b>	<b>-</b>	<b>\$ 77,639</b>	<b>8,251</b>	<b>8,157</b>	<b>\$ 1,777,858</b>
Reimbursable FTE		1,516			(18)													1,498
Total FTE		9,772			(117)													9,655
Other FTE																		
LEAP		1,044			(5)													1,039
Overtime		61			(1)													60
Total, Compensable FTE		10,877			(123)													10,754

Enacted Rescissions: Funds rescinded as required by the Department of Justice Appropriations Act, 2006 (P.L. 109-108) and the Department of Defense Appropriations Act, 2006 (P.L. 109-148).

Supplemental #1: \$10,000,000 Emergency Supplemental P.L. 109-148 signed December 30, 2005.

Supplemental #2: \$14,200,000 Emergency Supplemental P.L. 109-234 signed June 15, 2006.

Reprogramming #1: Realign \$23,300,000 of Department of Justice Working Capital Fund to the DEA S&E account to be used for investments normally funded by DEA's S&E base, thereby making available S&E base funds to cover information technology investments. Funds were reprogrammed from the Foreign Investigations (\$2,370,000) and the State & Local Assistance Decision Units (\$520,000) to the Domestic Enforcement Decision Unit (\$2,890,000). This reprogramming was approved on August 3, 2006.

Transfer #1: Transfer from HIDTA for \$331,992 approved on October 7, 2005 per P.L. 108-447 118 STAT 3250.

Transfer #2: Transfer to Wireless Management Office for \$8,505,000 approved March 6, 2006 per P.L. 109-148 119 STAT 2777-2778 .

Transfer #3: Transfer to Wireless Management Office for \$1,025,841 approved March 24, 2006 per P.L. 109-108 119 STAT 2291 .

Transfer #4: Transfer from HIDTA for \$15,148,211 approved on June 6, 2006 per P.L. 109-115 119 STAT 2475.

Transfer #5: Transfer from Department of State for \$5,000,000 approved on July 18, 2006 per 22 USC 2392.

Transfer #6: Transfer to HIDTA for \$49,630 approved on August 9, 2006 per P.L. 108-447 118 STAT 3250.

Transfer #7: Transfer from HIDTA for \$15,909 approved on August 17, 2006 per P.L. 109-115 119 STAT 2475.

Transfer #8: Transfer from HIDTA for \$185,849 approved on September 07, 2006 per P.L. 109-115 119 STAT 2475.

Carryover/Recoveries: As of September 30, 2006, DEA has brought forward a total of \$77,639,000 from FY 2005 to FY 2006. This amount includes \$66,654,000 in unobligated balances brought forward (VCRP Appn \$14,832,000; S&E No Year and Multi-Year Appn \$50,834,000; and Construction \$988,000); \$5,200,000 in recoveries from prior year obligations (VCRP \$3,566,000; S&E No-Year and Multi-Year Appn. \$1,487,000; and Construction \$147,000); and \$5,111,000 in proceeds from the sale of official government vehicles (\$2,329,000 unobligated balances brought forward; \$2,956,000 in new sales; less \$174,000 in expiring OGV proceeds returned to Treasury). \$491,000 in travel rebates and \$183,000 in recovered funds. Reimbursable recoveries from prior year obligations (No-Year and Multi-Year \$1,557,000) are not included in these figures.

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**F: Crosswalk of 2006 Availability**

**Drug Enforcement Administration**  
**FY 2008 Congressional Submission**  
**Crosswalk of 2006 Availability**  
**Diversion Control Fee Account**  
(Dollars in Thousands)

Decision Unit	FY 2006 Enacted Without Rescission			Rescissions			Reprogrammings/Transfers			Difference between Budget Authority and Collections/Carryover/Recoveries			2006 Availability		
	Pos.	FTE	Amount	Pos.	FTE	Amount	Pos.	FTE	Amount	Pos.	FTE	Amount	Pos.	FTE	Amount
DCFA	1,139	1,107	\$ 201,673	-	-	\$ -	-	-	\$ -	-	-	\$ (17,264)	1,139	1,107	\$ 184,409
<b>TOTAL, DEA</b>	<b>1,139</b>	<b>1,107</b>	<b>\$ 201,673</b>	<b>-</b>	<b>-</b>	<b>\$ -</b>	<b>-</b>	<b>-</b>	<b>\$ -</b>	<b>-</b>	<b>-</b>	<b>\$ (17,264)</b>	<b>1,139</b>	<b>1,107</b>	<b>\$ 184,409</b>
Reimbursable FTE															
Total FTE		1,107			-			-			-			1,107	
Other FTE															
LEAP		15			-			-			-			15	
Overtime		16			-			-			-			16	
Total, Compensable FTE		1,138			-			-			-			1,138	

Difference between Budget Authority and Collections/Carryover/Recoveries: DEA has \$184,409,000 in available funds in FY 2006 comprised of (\$148,434,000 in fee collections; \$29,687,000 in unobligated balances carried forward; \$6,210,000 in recoveries; \$78,000 in proceeds from OGV sales). Therefore, DEA's FY 2006 Availability is \$17,264,000 less than its FY 2006 budget authority.

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**G: Crosswalk of 2007 Availability**

**Drug Enforcement Administration  
 FY 2008 Congressional Submission  
 Crosswalk of 2007 Availability  
 Salaries and Expenses  
 (Dollars in Thousands)**

Decision Unit	2007 Estimate			Rescissions			Reprogrammings / Transfers			Carryover / Recoveries			2007 Availability		
	Pos.	FTE	Amount	Pos.	FTE	Amount	Pos.	FTE	Amount	Pos.	FTE	Amount	Pos.	FTE	Amount
International Enforcement	1,047	995	\$ 336,119	-	-	\$ -	-	-	\$ -	-	-	\$ 11,411	1,047	995	\$ 347,530
Domestic Enforcement	6,956	6,896	\$ 1,333,324	-	-	\$ -	-	-	\$ -	-	-	\$ 18,062	6,956	6,896	\$ 1,351,386
State and Local Assistance	135	130	\$ 50,764	-	-	\$ -	-	-	\$ -	-	-	\$ 3,059	135	130	\$ 53,823
<b>TOTAL, DEA</b>	<b>8,138</b>	<b>8,021</b>	<b>\$ 1,720,207</b>	<b>-</b>	<b>-</b>	<b>\$ -</b>	<b>-</b>	<b>-</b>	<b>\$ -</b>	<b>-</b>	<b>-</b>	<b>\$ 32,532</b>	<b>8,138</b>	<b>8,021</b>	<b>\$ 1,752,739</b>
Reimbursable FTE		1,448			-			-			-			1,448	
Total FTE		9,469			-			-			-			9,469	
Other FTE															
LEAP		997			-			-			-			997	
Overtime		60			-			-			-			60	
Total, Compensable FTE		10,526			-			-			-			10,526	

Unobligated Balances: As of December 31, 2006, DEA has brought forward a total of \$32,532,000 from FY 2006 to FY 2007. This amount includes \$27,464,000 in unobligated balances brought forward (VCRP Appn \$2,605,000; S&E No Year and Multi-Year Appn \$24,712,000; and Construction \$147,000); \$1,066,000 in recoveries from prior year obligations (VCRP \$97,000; S&E No-Year and Multi-Year Appn. \$875,000; and Construction \$94,000); and \$4,002,000 in proceeds from the sale of official government vehicles (\$2,829,000 unobligated balances brought forward and \$1,173,000 in new sales). \$0 in travel rebates and \$0 in recovered funds. Reimbursable recoveries from prior year obligations (No-Year and Multi-Year \$515,000) are not included in these figures.

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**G: Crosswalk of 2007 Availability**

**Drug Enforcement Administration  
 FY 2008 Congressional Submission  
 Crosswalk of 2007 Availability  
 Diversion Control Fee Account  
 (Dollars in Thousands)**

Decision Unit	2007 Estimate			Rescissions			Reprogrammings / Transfers			Carryover / Recoveries			2007 Availability		
	Pos.	FTE	Amount	Pos.	FTE	Amount	Pos.	FTE	Amount	Pos.	FTE	Amount	Pos.	FTE	Amount
DCFA	1,172	1,152	\$ 212,078	-	-	\$ -	-	-	\$ -	-	-	\$ 37,049	1,172	1,152	\$ 249,127
<b>TOTAL, DEA</b>	<b>1,172</b>	<b>1,152</b>	<b>\$ 212,078</b>	<b>-</b>	<b>-</b>	<b>\$ -</b>	<b>-</b>	<b>-</b>	<b>\$ -</b>	<b>-</b>	<b>-</b>	<b>\$ 37,049</b>	<b>1,172</b>	<b>1,152</b>	<b>\$ 249,127</b>
Reimbursable FTE															
Total FTE		1,152			-			-			-			1,152	
Other FTE															
LEAP		18			-			-			-			18	
Overtime		16			-			-			-			16	
Total, Compensable FTE		1,186			-			-			-			1,186	

Unobligated Balances: As of December 31, 2006, DEA has brought forward a total of \$37,049,000 from FY 2006 to FY 2007. This amount includes \$36,120,000 in unobligated balances brought forward and \$897,000 in recoveries from prior year obligations. In addition, DEA's DCFA has received \$32,000 from FY 2007 sale of official government vehicles. Any funds collected or recovered above the cap is unavailable for use by DCFA.

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## H: Summary of Reimbursable Resources

### Drug Enforcement Administration FY 2008 Congressional Submission Summary of Reimbursable Resources Salaries and Expenses (Dollars in Thousands)

	FY 2006 Enacted			FY 2007 Planned			FY 2008 Request			Increase/Decrease		
	Pos.	FTE	Amount	Pos.	FTE	Amount	Pos.	FTE	Amount	Pos.	FTE	Amount
<u>Collection by Source:</u>												
Organized Crime Drug Enforcement	1,349	1,349	\$ 182,035	1,349	1,349	\$ 180,187	1,349	1,349	\$ 186,308	-	-	\$ 6,121
Regional Drug Intelligence Squads	79	79	11,674	79	79	10,930	79	79	11,309	-	-	379
Assets Forfeiture Fund	-	-	105,000	-	-	119,332	-	-	119,332	-	-	-
Department of Treasury	-	-	-	-	-	-	-	-	-	-	-	-
Office of National Drug Control Policy	-	-	290	-	-	217	-	-	217	-	-	-
Department of State	-	-	7,727	-	-	6,524	-	-	6,524	-	-	-
Department of Justice	17	14	65,167	17	17	60,493	17	17	55,493	-	-	(5,000)
National Drug Intelligence Center	7	7	956	-	-	1,395	-	-	-	-	-	(1,395)
Department of Defense	1	1	593	-	-	2,321	-	-	2,321	-	-	-
Department of Transportation	-	-	56	-	-	23	-	-	23	-	-	-
Federal Bureau of Investigation <sup>1</sup>	45	45	9,264	-	-	2,938	-	-	2,938	-	-	-
Misc. Government	3	3	8,253	3	3	1,773	3	3	1,773	-	-	-
Misc. Non-Government	-	-	852	-	-	764	-	-	764	-	-	-
Department of Homeland Security	-	-	2,000	-	-	2,000	-	-	2,000	-	-	-
<b>Budgetary Resources:</b>	<b>1,501</b>	<b>1,498</b>	<b>\$ 393,867</b>	<b>1,448</b>	<b>1,448</b>	<b>\$ 388,897</b>	<b>1,448</b>	<b>1,448</b>	<b>\$ 389,002</b>	<b>-</b>	<b>-</b>	<b>\$ 105</b>

<sup>1</sup> The FY 2007 President's Budget Request transfers 45 positions and \$6,353,000 from the FBI to DEA's Direct Appropriation.

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**I: Detail of Permanent Positions by Category**

**Drug Enforcement Administration  
FY 2008 Congressional Submission  
Detail of Permanent Positions by Category  
Salaries and Expenses**

	2006 Appropriation Enacted w/Recissions and Supplementals		2007 President's Budget		FY 2008 Request							
	Total Authorized	Total Reimbursable	Total Authorized	Total Reimbursable	ATB Increases	ATB Decreases	Total ATB	Program Increases	Program Decreases	Total Program Changes	Total Authorized	Total Reimbursable
CATEGORY:												
Attorneys (905)	65	-	67	-	-	-	-	-	-	-	67	-
Other Legal and Kindred (900-998)	28	-	28	-	-	-	-	-	-	-	28	-
Legal Instruments Examining Series (963)	6	-	6	-	-	-	-	-	-	-	6	-
General Investigative Series (1801)	-	-	-	-	-	-	-	-	-	-	-	-
Criminal Investigative Series (1811)	4,164	1,085	3,996	1,067	-	(244)	(244)	1	(80)	(79)	3,673	1,067
Miscellaneous Inspectors Series (1802)	80	-	80	-	-	-	-	-	-	-	80	-
Other Miscellaneous Occupations (001-099)	99	-	99	-	-	-	-	-	-	-	99	-
Social Sciences Series (100-199)	6	-	6	-	-	-	-	-	-	-	6	-
Intelligence Series (132)	720	101	774	87	-	(34)	(34)	8	-	8	748	87
Personnel Management (200-299)	121	-	121	-	-	-	-	-	-	-	121	-
General Administration, Clerical and Office Services (300-399)	1,960	306	1,959	285	-	(172)	(172)	4	(3)	1	1,788	285
Biological Sciences (400-499)	-	-	-	-	-	-	-	-	-	-	-	-
Accounting and Budget (500-599)	294	-	294	-	-	-	-	-	-	-	294	-
Medical, Dental and Public Health (600-799)	4	-	4	-	-	-	-	-	-	-	4	-
Engineering and Architecture Group (800-899)	13	-	13	-	-	-	-	-	-	-	13	-
Information and Arts Group (1000-1099)	38	-	38	-	-	-	-	-	-	-	38	-
Business and Industry Group (1100-1199)	56	-	56	-	-	-	-	-	-	-	56	-
Physical and Sciences Group (Other than Chemists)(1300-1399)	9	-	9	-	-	-	-	-	-	-	9	-
Chemist Series (1320)	323	-	323	-	-	(16)	(16)	2	-	2	309	-
Library and Archives Group (1400-1499)	5	-	5	-	-	-	-	-	-	-	5	-
Mathematics and Statistics Group (1500-1599)	3	-	3	-	-	-	-	-	-	-	3	-
Equipment, Facilities and Service Group (1600-1699)	10	-	10	-	-	-	-	-	-	-	10	-
Education Group (1700-1799)	14	-	14	-	-	-	-	-	-	-	14	-
Quality Assurance Series (1900-1999)	6	-	6	-	-	-	-	-	-	-	6	-
Supply Group (2000-2099)	44	-	44	-	-	-	-	-	-	-	44	-
Transportation (2100-2199)	20	-	20	-	-	-	-	-	-	-	20	-
Information Technology Specialists (2210)	150	9	150	9	-	-	-	-	-	-	150	9
Ungraded (Wage Grade & Foreign Service Local)	13	-	13	-	-	-	-	-	-	-	13	-
<b>TOTAL, POSITIONS</b>	<b>8,251</b>	<b>1,501</b>	<b>8,138</b>	<b>1,448</b>	<b>-</b>	<b>(466)</b>	<b>(466)</b>	<b>15</b>	<b>(83)</b>	<b>(68)</b>	<b>7,604</b>	<b>1,448</b>
LOCATION:												
Washington (HQ)	1,742	101	1,786	62	-	(112)	(112)	5	(4)	1	1,675	62
U. S. Field (DO & FS)	5,800	1,394	5,620	1,386	-	(354)	(354)	10	(79)	(69)	5,197	1,386
Foreign Field (FO)	709	6	732	-	-	-	-	-	-	-	732	-
<b>TOTAL, POSITIONS</b>	<b>8,251</b>	<b>1,501</b>	<b>8,138</b>	<b>1,448</b>	<b>-</b>	<b>(466)</b>	<b>(466)</b>	<b>15</b>	<b>(83)</b>	<b>(68)</b>	<b>7,604</b>	<b>1,448</b>

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**I: Detail of Permanent Positions by Category**

**Drug Enforcement Administration  
 FY 2008 Congressional Submission  
 Detail of Permanent Positions by Category  
 Diversion Control Fee Account**

	2006 Appropriation		2007 President's Budget		FY 2008 Request						Total Authorized	Total Reimbursable	
	Total Authorized	Total Reimbursable	Total Authorized	Total Reimbursable	ATB Increases	ATB Decreases	Total ATB	Program Increases	Program Decreases	Total Program Changes			
CATEGORY:													
Attorneys (905)	13	-	13	-	-	-	-	4	-	-	4	17	-
Other Legal and Kindred (900-998)	3	-	3	-	-	-	-	-	-	-	-	3	-
Legal Instruments Examining Series (963)	21	-	21	-	-	-	-	-	-	-	-	21	-
General Investigative Series (1801)	621	-	621	-	-	-	-	2	-	-	2	623	-
Criminal Investigative Series (1811)	70	-	70	-	-	-	-	1	-	-	1	71	-
Miscellaneous Inspectors Series (1802)	48	-	48	-	-	-	-	-	-	-	-	48	-
Other Miscellaneous Occupations (001-099)	-	-	-	-	-	-	-	-	-	-	-	-	-
Social Sciences Series (100-199)	-	-	-	-	-	-	-	-	-	-	-	-	-
Intelligence Series (132)	40	-	73	-	-	-	-	-	-	-	-	73	-
Personnel Management (200-299)	-	-	-	-	-	-	-	-	-	-	-	-	-
General Administration, Clerical and Office Services (300-399)	289	-	289	-	-	-	-	8	-	-	8	297	-
Biological Sciences (400-499)	1	-	1	-	-	-	-	-	-	-	-	1	-
Accounting and Budget (500-599)	6	-	6	-	-	-	-	-	-	-	-	6	-
Medical, Dental and Public Health (600-799)	5	-	5	-	-	-	-	-	-	-	-	5	-
Engineering and Architecture Group (800-899)	-	-	-	-	-	-	-	-	-	-	-	-	-
Information and Arts Group (1000-1099)	1	-	1	-	-	-	-	-	-	-	-	1	-
Business and Industry Group (1100-1199)	-	-	-	-	-	-	-	-	-	-	-	-	-
Physical and Sciences Group (Other than Chemists)(1300-1399)	6	-	6	-	-	-	-	-	-	-	-	6	-
Chemist Series (1320)	8	-	8	-	-	-	-	-	-	-	-	8	-
Library and Archives Group (1400-1499)	1	-	1	-	-	-	-	-	-	-	-	1	-
Mathematics and Statistics Group (1500-1599)	1	-	1	-	-	-	-	-	-	-	-	1	-
Equipment, Facilities and Service Group (1600-1699)	-	-	-	-	-	-	-	-	-	-	-	-	-
Education Group (1700-1799)	-	-	-	-	-	-	-	-	-	-	-	-	-
Quality Assurance Series (1900-1999)	-	-	-	-	-	-	-	-	-	-	-	-	-
Supply Group (2000-2099)	-	-	-	-	-	-	-	-	-	-	-	-	-
Transportation (2100-2199)	5	-	5	-	-	-	-	-	-	-	-	5	-
Information Technology Specialist (2210)	-	-	-	-	-	-	-	-	-	-	-	-	-
Ungraded (Wage Grade & Foreign Service Local)	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>TOTAL, POSITIONS</b>	<b>1,139</b>	<b>-</b>	<b>1,172</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>15</b>	<b>-</b>	<b>-</b>	<b>15</b>	<b>1,187</b>	<b>-</b>
LOCATION:													
Washington (HQ)	305	-	305	-	-	-	-	5	-	-	5	310	-
U. S. Field (DO & FS)	821	-	854	-	-	-	-	9	-	-	9	863	-
Foreign Field (FO)	13	-	13	-	-	-	-	1	-	-	1	14	-
<b>TOTAL, POSITIONS</b>	<b>1,139</b>	<b>-</b>	<b>1,172</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>15</b>	<b>-</b>	<b>-</b>	<b>15</b>	<b>1,187</b>	<b>-</b>

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**J: Financial Analysis of Program Changes**

**Drug Enforcement Administration  
 FY 2008 Congressional Submission  
 Financial Analysis of Program Changes  
 Salaries and Expenses**

Grades:	Domestic						Foreign		State & Local		Program Changes	
	SWB/Meth		Online Invest.		Intelligence		Intelligence		MET Offset		Program Changes	
	Pos.	Amount	Pos.	Amount	Pos.	Amount	Pos.	Amount	Pos.	Amount	Pos.	Amount
SES	-	\$ -	-	\$ -	-	\$ -	-	\$ -	-	\$ -	-	\$ -
GS-15	-	-	-	-	-	-	-	-	-	-	-	-
GS-14	-	-	-	-	-	-	-	-	-	-	-	-
GS-13	-	-	-	-	-	-	-	(80)	(6,160)	(80)	(6,160)	
GS-12	-	-	-	-	-	-	-	-	-	-	-	
GS-11	-	-	-	-	-	-	-	-	-	-	-	
GS-10	-	-	-	-	-	-	-	-	-	-	-	
GS-9	8	375	-	-	6	283	-	-	-	-	14	658
GS-8	-	-	-	-	-	-	-	(3)	(126)	(3)	(126)	
GS-7	-	-	-	-	1	38	-	-	-	-	1	38
GS-5	-	-	-	-	-	-	-	-	-	-	-	-
Total positions & annual amount	8	375	-	-	7	321	-	-	(83)	(6,286)	(68)	(5,590)
Lapse (-)	(4)	(188)	-	-	(3)	(160)	-	-	3	-	(4)	(348)
Other personnel compensation	-	-	-	-	-	6	-	-	-	(1,520)	-	(1,514)
Total FTE & personnel compensation	4	187	-	-	4	167	-	-	(80)	(7,806)	(72)	(7,452)
Personnel benefits		57		-		54		-		(3,236)		(3,125)
Travel and transportation of persons		207		-		154		-		(380)		(19)
Transportation of things		1		-		30		-		(2,000)		(1,969)
GSA rent		-		-		-		-		(1,200)		(1,200)
Communication, rents, and utilities		193		-		20		-		(679)		(466)
Printing		1		-		-		-		-		1
Advisory and assistance services		-		-		-		-		-		-
Other services		4,488		-		111		-		(2,237)		2,362
Purchases of goods & services from Government accounts		62		-		21		-		(21)		62
Medical Care		1		-		6		-		(36)		(29)
Research and development contracts		-		-		-		-		-		-
Operation and maintenance of equipment		5,002		-		692		84		(128)		5,650
Subsistence and support of persons		-		-		-		-		-		-
Supplies and materials		7		-		28		-		(727)		(692)
Equipment		18,746		3,020		5,145		560		(2,128)		25,343
Land and structures		220		-		52		-		-		272
<b>Total, FY 2008 program changes requested</b>	<b>4</b>	<b>\$ 29,172</b>	<b>-</b>	<b>\$ 3,020</b>	<b>4</b>	<b>\$ 6,480</b>	<b>-</b>	<b>\$ 644</b>	<b>(80)</b>	<b>\$ (20,578)</b>	<b>(72)</b>	<b>\$ 18,738</b>

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**J: Financial Analysis of Program Changes**

**Drug Enforcement Administration  
 FY 2008 Congressional Submission  
 Financial Analysis of Program Changes  
 Diversion Control Fee Account**

Grades:	DCFA						Program Changes	
	SWB/Meth		Online Invest.		DI Conversion		Pos.	Amount
	Pos.	Amount	Pos.	Amount	Pos.	Amount		
SES	-	\$ -	-	\$ -	-	\$ -	-	\$ -
GS-15	-	-	-	-	-	-	-	-
GS-14	-	-	4	433	-	-	4	433
GS-13	-	-	3	275	-	-	3	275
GS-12	-	-	-	-	-	-	-	-
GS-11	-	-	-	-	-	-	-	-
GS-10	-	-	-	-	-	-	-	-
GS-9	3	142	4	188	-	70	7	400
GS-8	-	-	-	-	-	-	-	-
GS-7	-	-	1	38	-	212	1	250
GS-5	-	-	-	-	-	-	-	-
Total positions & annual amount	3	142	12	934	-	282	15	1,358
Lapse (-)	(1)	(71)	(6)	(467)	-	-	(7)	(538)
Other personnel compensation	-	11	-	-	-	2,158	-	2,169
Total FTE & personnel compensation	2	82	6	467	-	2,440	8	2,989
Personnel benefits		45		140		2,002		2,187
Travel and transportation of persons		9		144		-		153
Transportation of things		66		1		1,398		1,465
GSA rent		-		-		-		-
Communication, rents, and utilities		33		897		66		996
Printing		-		3		-		3
Advisory and assistance services		-		-		-		-
Other services		134		211		1,145		1,490
Purchases of goods & services from Government accounts		69		-		-		69
Research and development contracts		-		-		-		-
Medical care		12		2		-		14
Operation and maintenance of equipment		-		-		-		-
Supplies and materials		8		133		480		621
Equipment		338		1,923		4,057		6,318
Land and structures		15		90		-		105
<b>Total, FY 2008 program changes requested</b>	<b>2</b>	<b>\$ 811</b>	<b>6</b>	<b>\$ 4,011</b>	<b>-</b>	<b>\$ 11,588</b>	<b>8</b>	<b>\$ 16,410</b>

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**K: Summary of Requirements by Grade**

**Drug Enforcement Administration  
FY 2008 Congressional Submission  
Summary of Requirements by Grade  
Salaries and Expenses**

Grades and Salary Ranges	2006 Appropriation Enacted w/Recissions & Supplementals		2007 Estimate		2008 Request		Increase/Decrease	
	Positions	Amount	Positions	Amount	Positions	Amount	Positions	Amount
Executive Level III, \$152,000	1		1		1		-	
Executive Level V, \$133,900	1		1		1		-	
ES, \$107,550-\$162,100	66		66		66		-	
GS-15, \$103,947-\$135,136	314		320		320		-	
GS-14, \$88,369-\$114,882	1,276		1,324		1,324		-	
GS-13, \$74,782-\$97,213	4,220		4,057		3,729		(328)	
GS-12, \$62,886-\$81,747	272		272		252		(20)	
GS-11, \$52,468-\$68,209	207		208		204		(4)	
GS-10, \$47,755-\$62,086	28		28		26		(2)	
GS-09, \$43,365-\$56,371	640		647		555		(92)	
GS-08, \$39,262-\$51,036	255		258		236		(22)	
GS-07, \$35,452-\$46,088	412		391		364		(27)	
GS-06, \$31,903-\$41,474	249		249		237		(12)	
GS-05, \$28,620-\$37,211	286		292		265		(27)	
GS-04, \$25,581-\$33,253	6		6		6		-	
Ungraded Positions	<u>18</u>		<u>18</u>		<u>18</u>		<u>-</u>	
Total, appropriated positions	8,251		8,138		7,604		(534)	
Average SES Salary	\$ 129,573		\$133,071		\$137,063			
Average GS Salary	\$ 78,521		\$80,687		\$83,675			
Average GS Grade	12		12		12			
Average Ungraded Position Salary	\$20,850		\$21,413		\$22,055			

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**K: Summary of Requirements by Grade**

**Drug Enforcement Administration  
 FY 2008 Congressional Submission  
 Summary of Requirements by Grade  
 Diversion Control Fee Account**

Grades and Salary Ranges	2006 Appropriation Enacted w/Recissions		2007 President's Budget Request		2008 Request		Increase/Decrease	
	Positions	Amount	Positions	Amount	Positions	Amount	Positions	Amount
ES, \$116,500 - \$149,200	2		2		2		-	
AL-3/F \$149,200	3		3		3		-	
GS-15, \$103,947-\$135,136	24		24		35		11	
GS-14, \$88,369-\$114,882	136		136		129		(7)	
GS-13, \$74,782-\$97,213	525		525		625		100	
GS-12, \$62,886-\$81,747	49		49		16		(33)	
GS-11, \$52,468-\$68,209	5		5		38		33	
GS-10, \$47,755-\$62,086	-		-		-		-	
GS-09, \$43,365-\$56,371	220		253		163		(90)	
GS-08, \$39,262-\$51,036	11		11		11		-	
GS-07, \$35,452-\$46,088	58		58		59		1	
GS-06, \$31,903-\$41,474	59		59		59		-	
GS-05, \$28,620-\$37,211	47		47		47		-	
Total, appropriated positions	<u>1,139</u>		<u>1,172</u>		<u>1,187</u>		<u>15</u>	
Average SES Salary		\$130,939		\$134,474		\$138,508		
Average GS Salary		\$76,866		\$78,226		\$83,637		
Average GS Grade		11		11		12		

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**L: Summary of Requirements by Object Class**

**Drug Enforcement Administration  
FY 2008 Congressional Submission  
Summary of Requirements by Object Class  
Salaries and Expenses  
(Dollars in Thousands)**

Object Classes	2006 Actual		2007 Estimate		2008 Request		Increase/Decrease	
	FTE	Amount	FTE	Amount	FTE	Amount	FTE	Amount
11.1 Total workyears and personnel compensation	7,225	\$ 560,531	8,021	\$ 601,098	7,516	\$ 622,831	(505)	\$ 21,733
11.3 Other than full-time permanent	-	5,885	-	1,871	-	1,981	-	110
11.5 Total, Other personnel compensation	-	95,687	-	80,511	-	81,529	-	1,018
<i>Overtime</i>	53	-	60	-	58	-	(2)	-
<i>Law Enforcement Availability Pay</i>	921	-	997	-	917	-	(80)	-
Total	7,225	\$ 662,103	8,021	\$ 683,480	7,516	\$ 706,341	(505)	\$ 22,861
Reimbursable FTE								
Full-time permanent	1,498		1,448		1,448		-	
Other Object Classes:								
12.0 Civilian Personnel Benefits		\$ 267,909		\$ 253,734		\$ 265,131		\$ 11,397
13.0 Benefits to former personnel		-		55		52		(3)
21.0 Travel and transportation of persons		34,842		40,745		39,082		(1,663)
22.0 Transportation of things		11,324		12,422		10,068		(2,354)
23.1 Rental Payments to GSA		147,195		173,641		193,340		19,699
23.2 Rental Payments to others		4,107		7,576		7,525		(51)
23.3 Comm, util., & other misc. charges		73,286		84,012		79,741		(4,271)
24.0 Printing and reproduction		162		2,140		2,043		(97)
25.1 Advisory and Assistance Services		1,350		14,920		13,913		(1,007)
25.2 Other Services		107,334		97,373		93,958		(3,415)
25.3 Purchases of goods & services from govt acct		224,580		164,553		161,134		(3,419)
25.4 Operation of GOCO's		6,694		3,376		3,216		(160)
25.6 Medical Care		3,039		4,001		3,785		(216)
25.7 Operation & Maintenance of Equipment		42,734		27,738		31,324		3,586
25.8 Subsistence and Support of Persons		364		2,567		2,445		(122)
26.0 Supplies & Materials		40,496		41,704		39,046		(2,658)
31.0 Equipment		78,100		96,427		113,665		17,238
32.0 Land and Structures		40,513		39,794		36,511		(3,283)
41.0 Grants, Subsidies, and contributions		-		-		-		-
42.0 Claims		284		261		249		(12)
<b>Total obligations</b>		\$ 1,746,416		\$ 1,750,519		\$ 1,802,569		\$ 52,050
Unobligated Balance, start of year (-)		\$ (30,696)		\$ (30,312)		\$ -		\$ 30,312
Unobligated Balance, end of year (+)		30,312		-		-		-
Recoveries (-)		(5,053)		-		-		-
Carryforward of no year authority (-)		(37,300)		-		-		-
Transfers (-)		(11,101)		-		-		-
OGV Sales and other collections (-)		(3,460)		-		-		-
<b>Total Requirements</b>		\$ 1,689,118		\$ 1,720,207		\$ 1,802,569		\$ 82,362
Relation of Obligations to Outlays								
Total obligations		\$ 1,746,416		\$ 1,750,519		\$ 1,802,569		\$ 52,050
Obligated balance, start of year		60,725		258,754		502,572		243,818
Obligated balance, end of year		(258,754)		(502,572)		(651,874)		(149,302)
Recoveries		(5,053)		-		-		-
OGV Sales and Other Collections		(3,460)		-		-		-
<b>Outlays</b>		\$ 1,539,874		\$ 1,506,701		\$ 1,653,267		\$ 146,566

**Note:** Includes direct obligations, balances, and recoveries from unexpired Salaries & Expenses accounts 15-1100 and 15-8602

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## L: Summary of Requirements by Object Class

### Drug Enforcement Administration FY 2008 Congressional Submission Summary of Requirements by Object Class Diversion Control Fee Account (Dollars in Thousands)

Object Classes	2006 Actual		2007 Estimate		2008 Request		Increase/Decrease	
	FTE	Amount	FTE	Amount	FTE	Amount	FTE	Amount
11.1 Total workyears and personnel compensation	807	\$ 64,303	1,152	\$ 78,696	1,176	\$ 85,607	24	\$ 6,911
11.3 Other than full-time permanent	-	407	-	177	-	182	-	5
11.5 Total, Other personnel compensation	-	2,573	-	1,940	-	4,384	-	2,444
<i>Overtime</i>	11	-	16	-	17	-	1	-
<i>Law Enforcement Availability Pay</i>	13	-	18	-	18	-	-	-
Total	807	\$ 67,283	1,152	\$ 80,813	1,176	\$ 90,173	24	\$ 9,360
Other Object Classes:								
12.0 Civilian Personnel Benefits		\$ 17,536		\$ 24,514		\$ 29,090		\$ 4,575
13.0 Benefits to former personnel		-		1		1		-
21.0 Travel and transportation of persons		1,824		5,410		5,660		250
22.0 Transportation of things		276		2,646		4,756		2,110
23.1 Rental Payments to GSA		9,912		17,862		20,610		2,748
23.2 Rental Payments to others		213		1,191		1,279		88
23.3 Comm, util., & other misc. charges		3,292		11,064		12,099		1,035
24.0 Printing and reproduction		500		382		400		18
25.1 Advisory and Assistance Services		1,490		5,742		5,742		-
25.2 Other Services		2,608		17,098		18,066		968
25.3 Purchases of goods & services from govt acct		35,039		18,072		18,020		(52)
25.4 Operation of GOCO's		294		966		966		-
25.6 Medical Care		267		412		432		20
25.7 Operation & Maintenance of Equipment		1,464		4,979		4,979		-
25.8 Subsistence and Support of Persons		5		2		2		-
26.0 Supplies & Materials		2,693		3,585		4,218		633
31.0 Equipment		1,718		16,974		22,497		5,523
32.0 Land and Structures		1,874		365		260		(105)
<b>Total Obligations</b>		\$ 148,288		\$ 212,078		\$ 239,249		\$ 27,171
Unobligated Balance, start of year (-)		\$ (29,686)		\$ (36,120)		\$ (36,120)		\$ -
Unobligated Balance, end of year (+)		36,120		36,120		36,120		-
Recoveries and Other Collections(-)		(6,288)		-		-		-
<b>Total Requirements</b>		\$ 148,434		\$ 212,078		\$ 239,249		\$ 27,171
Relation of Obligations to Outlays								
Total obligations		\$ 148,288		\$ 212,078		\$ 239,249		\$ 27,171
Obligated balance, start of year		38,934		23,707		31,856		8,149
Obligated balance, end of year		(23,707)		(31,856)		(50,883)		(19,027)
Recoveries and Other Collections		(6,288)		-		-		-
<b>Outlays</b>		\$ 157,227		\$ 203,929		\$ 220,223		\$ 16,294

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## **M: Status of Congressionally Requested Studies, Reports, and Evaluations**

### **Drug Enforcement Administration FY 2008 Congressional Submission Status of Congressionally Requested Studies, Reports, and Evaluations**

1. The Conference Report (H. Rept. 109-272) accompanying the FY 2006 Science, State, Justice, and Commerce Appropriations Act (P.L. 109-108) directs the Attorney General, in cooperation with the Director of National Intelligence, to submit a report on the practicality of integrating the DEA, or a portion thereof, into the Intelligence Community. The report was submitted to the Congress on June 9, 2006.
2. The FY 2006 Science, State, Justice, and Commerce Appropriations Act (P.L. 109-108) requires DEA to submit a plan outlining the governance structure and membership of a Methamphetamine Task Force. DEA is also required to report on the membership of the task force and powers established for the task force. The report was submitted to the Congress on June 13, 2006.
3. The Conference Report (H. Rept. 109-272) accompanying the FY 2006 Science, State, Justice, and Commerce Appropriations Act (P.L. 109-108) requires DEA to provide a report on the availability of air assets, both its own and those of other agencies, to meet its demands for squad-size deployments of DEA agents in key transit zone countries. The report was submitted to OMB and ONDCP on June 29, 2006. OMB requested a revision of the report incorporating comments developed through the interagency review process. OMB also requested an addendum to the report describing the types of aircraft operated by various U.S. government agencies and host nations within the transit zone. The revised report and addendum are being prepared by DEA.

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**N: Financial Analysis and Cash Flow**

**Drug Enforcement Administration**  
**FY 2008 Congressional Submission**  
**Financial Analysis and Cash Flow**  
**Diversion Control Fee Account**  
(Dollars in Thousands)

	FY 2002 Actual <sup>1</sup>	FY 2003 Actual	FY 2004 Actual <sup>2</sup>	FY 2005 Actual	FY 2006 Actual	FY 2007 Projected	FY 2008 Projected
<u>Congressional Submission</u>							
TOTAL	\$ 86,021	\$ 89,029	\$ 118,561	\$ 154,216	\$ 201,673	\$ 212,078	\$ 239,249
<u>Fiscal Year Financial Status:</u>							
1 Unobligated Balance Carried Forward from Prior Year	30,753	28,706	13,663	29,822	29,687	36,120	19,043
2 Restoration of Rescinded Funds from Prior Year	8,000	-	-	-	-	-	-
3 <i>Net Available at Beginning of the Year</i>	38,753	28,706	13,663	29,822	29,687	36,120	19,043
4 Receipt Collections	79,903	82,449	134,241	152,914	163,434	205,774	224,268
5 Fund Transfer from Salaries and Expenses	-	-	-	-	-	-	-
6 Fund Transfer / Retained in the General Treasury	(15,000)	(15,000)	(15,000)	(15,000)	(15,000)	(15,000)	(15,000)
7 <i>Net Receipt Collections</i>	64,903	67,449	119,241	137,914	148,434	190,774	209,268
8 <i>Other Collections</i> <sup>3</sup>	59	49	71	43	78	60	63
9 Obligations (Actual / Projected) <sup>4</sup>	(78,737)	(85,578)	(105,435)	(143,228)	(148,289)	(212,078)	(221,647)
10 Recoveries from Deobligations	3,728	3,037	2,282	5,136	6,210	4,166	4,449
11 <i>Net Obligations</i>	(75,009)	(82,541)	(103,153)	(138,092)	(142,079)	(207,912)	(217,198)
12 <i>Congressional Rescission</i>	-	-	-	-	-	-	-
ENDING BALANCE (Lines 3+7+8+11+12)	\$ 28,706	\$ 13,663	\$ 29,822	\$ 29,687	\$ 36,120	\$ 19,043	\$ 11,176

<sup>1</sup> FY 2002 receipt collections and obligations based on end-of-year financial reports, which also include adjustments for financial statement audits.

<sup>2</sup> Receipt Collections include new fees effective December 1, 2003.

<sup>3</sup> Other collections include actual receipts for the sale of official government vehicles.

<sup>4</sup> Based on the current fee structure, FY 2008 receipts and obligations are projected to be lower than the FY 2008 budget authority.

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