



UNITED STATES DEPARTMENT OF EDUCATION

OFFICE OF INSPECTOR GENERAL

THE INSPECTOR GENERAL

MEMORANDUM

JAN 3 2001

TO: Thomas P. Skelly
Director, Budget Service
Office of the Under Secretary

FROM: Lorraine Lewis *Lorraine Lewis*

SUBJECT: Authentication of *U.S. Department of Education's Detailed Accounting of Fiscal Year 2000 Drug Control Funds*, dated January 26, 2001

Attached is our authentication of the *U.S. Department of Education's Detailed Accounting of Fiscal Year 2000 Drug Control Funds*, dated January 26, 2001, as required by 21 U.S.C. §1704(d).

Our authentication was conducted in accordance with the guidelines stated in the Office of National Drug Control Policy Circular: *Annual Accounting of Drug Control Funds*, dated December 17, 1999.

If you have any questions or wish to discuss the contents of this authentication, please contact Bernard Tadley, Regional Inspector General for Audit, Philadelphia, Pennsylvania at 215-656-6279.

Attachment



UNITED STATES DEPARTMENT OF EDUCATION

OFFICE OF INSPECTOR GENERAL

THE INSPECTOR GENERAL

Office of Inspector General's Independent Report on the U.S. Department of Education's Detailed Accounting of Fiscal Year 2000 Drug Control Funds, dated January 26, 2001

We have reviewed the accompanying report, entitled *U.S. Department of Education's Detailed Accounting of Fiscal Year 2000 Drug Control Funds*, dated January 26, 2001. This report is the responsibility of the U.S. Department of Education's (ED) management and was prepared under the authority of 21 U.S.C. §1704(d), which also requires a review by the Inspector General.

Our review was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The objective of a review is to provide negative assurance as to whether any information came to the practitioner's attention on the basis of the work performed to indicate that management's assertions are not presented in all material respects based on established or stated criteria. A review is substantially less in scope than an examination. The objective of an examination is the expression of an opinion on the *U.S. Department of Education's Detailed Accounting of Fiscal Year 2000 Drug Control Funds*, dated January 26, 2001. Accordingly, we do not express such an opinion.

We performed review procedures on the "Resource Summary" (page 2), "Disclosures" (pages 3 through 6), and "Assertions" (pages 6 through 7) in ED's accompanying report. We did not review "Program Descriptions" (pages 2 through 3). In general, our review procedures were limited to inquiries and analytical procedures appropriate for our attestation review engagement.

ED states that the budgetary resources in this report include 100 percent of obligations for the Safe and Drug-Free Schools and Communities (SDFSC) States Grants program and nearly all of the budgetary resources for the SDFSC National Programs. ED disclosed on page 6 ("Other Disclosures") of its report that, with the exception of \$5.2 million in fiscal year 2000 SDFSC National Programs funds, ED does not currently have data or any other means by which to identify or estimate the amount of funds under SDFSC States Grants or National Programs that support drug prevention exclusive of the funds that support violence prevention and school safety with no drug-control-related nexus.

In a February 23, 2000 memorandum, we recommended ED determine if the methodology used to determine the amount of SDFSC funds (both States Grants and National Programs) could be made more accurate by excluding funds that are not drug-control-related. In response to this memorandum, ED submitted to ONDCP on November 7, 2000, an analysis of an alternative methodology to score the SDFSC States Grants program, as well as a request for three changes in drug methodology. ED concluded in its analysis that the alternative methodology to score the SDFSC

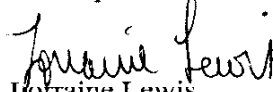
States Grants program was no more accurate than the methodology used in their fiscal year 1999 detailed accounting. ED recommended not using this alternative methodology due to a lack of supporting data. ED's conclusions regarding the three changes in drug methodology were as follows:

- The Vocational Rehabilitation State Grant program (or the corresponding program administration dollars associated with implementing it) should not continue to be included in the National Drug Control Budget (NDCB);
- The National Institute on Disability and Rehabilitation Research program (or the corresponding program administration dollars associated with implementing it) should not continue to be included in the NDCB; and
- The methodology for estimating SDFSC National Program fund dollars should be changed. ED identified a small number of activities, which exclusively support school safety or violence prevention efforts. Using fiscal year 2000 data, ED stated that the proposed methodology change would correspond to a \$5 million (about a 3 percent) reduction in SDFSC National Program funds from the NDCB.

On January 5, 2001, ONDCP responded to ED's request, agreeing with ED's three proposed changes in drug methodology and the recommendation not to change the methodology used to score the SDFSC States Grants program. ONDCP did ask ED to continue developing a reliable estimate of the portion of SDFSC States Grants funding that supports drug prevention, exclusive of school violence and safety programs.

Based on our review, nothing came to our attention that caused us to believe that ED's FY 2000 report (i.e., *U.S. Department of Education's Detailed Accounting of Fiscal Year 2000 Drug Control Funds*, dated January 26, 2001) is not presented in all material respects based on the ONDCP Circular: *Annual Accounting of Drug Control Funds*, dated December 17, 1999.

This report is intended solely for the use of the U.S. Congress, ONDCP, and ED.


Dorraine Lewis

January 31, 2001

DEPARTMENT OF EDUCATION



DETAILED ACCOUNTING OF FISCAL YEAR 2000 DRUG CONTROL FUNDS

IN SUPPORT OF THE
NATIONAL DRUG CONTROL STRATEGY

AS REQUIRED BY SECTION 1704(D) OF
TITLE 21 UNITED STATES CODE

JANUARY 26, 2001

DEPARTMENT OF EDUCATION
DETAILED ACCOUNTING OF FISCAL YEAR 2000 DRUG CONTROL FUNDS
TABLE OF CONTENTS

Transmittal Letter	1
Resource Summary	2
Program Descriptions	2
Disclosures	3
Drug Methodology	3
Program Funds	3
Program Administration Funds	4
Methodological Modifications	5
Material Weaknesses or Other Findings	5
Reprogrammings or Transfers	5
Other Disclosures	6
Assertions	6
Drug Methodology	6
Data	7
Other Estimation Methods	7
Completeness	7
Financial Systems	7
Application of Methodology	7
Financial Plan – Including Reprogrammings or Transfers	7



UNITED STATES DEPARTMENT OF EDUCATION
OFFICE OF THE UNDER SECRETARY

JAN 26 2001

Ms. Lorraine Lewis
Inspector General
Department of Education
400 Maryland Avenue, S.W.
Washington, DC 20202-1510

Dear Ms. Lewis:

Pursuant to Section 1704(d) of Title 21 United States Code, enclosed please find a revised detailed accounting of all fiscal year 2000 Department of Education drug control funds for your authentication, in accordance with the guidelines in Office of National Drug Control Policy (ONDCP) Circular *Annual Accounting of Drug Control Funds*, dated December 17, 1999. The enclosed accounting report incorporates changes recommended by your office as a result of your attestation review of the Department's detailed accounting of fiscal year 2000 drug control funds that I transmitted to you on January 12, 2001.

Consistent with the instructions in the ONDCP Circular, please provide your authentication to me in writing, and I will transmit it to ONDCP along with the enclosed accounting of funds. As you know, ONDCP requests these documents by February 1, 2001, if possible. Please do not hesitate to contact me if you have any additional questions about the enclosed information.

Sincerely,

A handwritten signature in black ink that reads "Thomas P. Skelly".

Thomas P. Skelly
Director, Budget Service

RESOURCE SUMMARY

Fiscal Year 2000 Obligations
(in \$ millions)

Drug Resources by Goal	
Goal 1	\$269.443
Total	269.443
Drug Resources by Function	
Prevention	269.443
Total	269.443
Drug Resources by Decision Unit	
Office of Elementary and Secondary Education	
Safe and Drug-Free Schools and Communities	
-SDFSC State Grants	110.661 ¹
-SDFSC National Programs	105.503
-SDFSC Middle School Coordinator Initiative	50.000
Subtotal, OESE	266.164
Program Administration	3.279
Total	269.443

¹ Includes \$2.567 million in obligations of funds that were originally obligated in fiscal year 1999, recovered (deobligated) in fiscal year 2000, and reobligated in fiscal year 2000. Excludes \$330 million in fiscal year 2000 budget authority which, under the terms of the Department's fiscal year 2000 appropriations act, was not available for obligation until the start of fiscal year 2001.

PROGRAM DESCRIPTIONS

Under the revised drug control budget methodology approved by ONDCP on January 5, 2001, the programs funded under the Safe and Drug-Free Schools and Communities (SDFSC) Act comprise the only Department of Education programs included in the national drug control budget. The SDFSC program is administered by the Department's Office of Elementary and Secondary Education (OESE) and provides support for research-based approaches to drug and violence prevention that address Goal 1 of the *National Drug Control Strategy*, which is to educate and enable America's youth to reject illegal drugs as well as alcohol and tobacco. Safe and Drug-Free Schools and Communities is the Federal Government's largest drug prevention program, and the only Federal program that provides direct support to schools for efforts designed to prevent school violence.

Under the SDFSC Act, funds are appropriated directly for State Grants and for National Programs. State Grant funds are allocated to States and Territories, half on the basis of school-aged population and half on the basis of State shares of Federal "Education for the Disadvantaged" funding for the previous year under Title I of the Elementary and Secondary Education Act. Governors receive 20 percent, and State educational agencies (SEAs) 80 percent, of each State's allocation. SEAs are required to subgrant at least 91 percent of their allocations to local educational agencies (LEAs); these subgrants are based on enrollment (70 percent) and high need (30 percent). SEAs determine the criteria for selecting high-need LEAs and are required to target their high-need funds on no more than 10 percent or 5 of their LEAs, whichever is greater.

Drug and violence prevention activities authorized under the statute include developing instructional materials; counseling services; professional development programs for school personnel, students, law enforcement officials, judicial officials, or community leaders; implementing conflict resolution, peer mediation, and mentoring programs; implementing character education programs and community service projects; establishing safe zones of passage; and acquiring and installing metal detectors and hiring security personnel. No more than 20 percent of an LEA's grant award may be used to support safe zones of passage, security personnel, and the purchase or operation of metal detectors. Activities most frequently funded by LEAs include staff training; student instruction; curriculum development/acquisition; and student assistance programs, including counseling, mentoring, and identification and referral services. At least 10 percent of each Governor's grant award must be used to fund law enforcement education partnerships that implement prevention activities such as drug-abuse resistance education (DARE) programming.

SDFSC National Programs is a broad discretionary authority that permits the Secretary to carry out, in accordance with national needs, programs designed to promote drug-free, safe, and orderly learning environments for students at all educational levels, from preschool through the postsecondary level. These programs may include training and technical assistance; demonstration projects; direct services to schools and school systems afflicted with especially severe drug and violence problems; developing and disseminating drug and violence prevention and education materials and information; recruiting, hiring, and training program coordinators to assist school districts in implementing high-quality, effective, research-based drug and violence prevention programs; programs for youth who are out of the education mainstream, including school dropouts, students who have been suspended or expelled from their regular education program, and runaway or homeless children and youth; programs that support local educational agencies and communities in developing and implementing comprehensive programs that create safe, disciplined, and drug-free learning environments and promote healthy childhood development; services and activities that reduce the need for suspension and expulsion in maintaining classroom order and discipline; services and activities to prevent and reduce truancy; programs to provide counseling services to troubled youth; financial and technical assistance to institutions of higher education for model drug prevention and campus safety programs for students attending such institutions; and evaluations of the effectiveness of drug and violence prevention programs. These programs are often carried out jointly with other Federal agencies. National Programs activities constitute a critically important component of the Department's efforts to improve the accountability of the SDFSC State grants program by, among other things, providing technical assistance and information to help State and local grantees implement effective, research-based programs.

DISCLOSURES

Drug Methodology

Program Funds

For purposes of scoring the Department's drug control budget, this accounting submission includes 100 percent of Safe and Drug-Free Schools and Communities State Grants and all but \$5.2 million of SDFSC National Programs funds obligated in fiscal year 2000. This estimation is based on (1) the assumption that a variety of violence prevention activities funded under the SDFSC Act can impact significantly on drug prevention, and (2) the fact that most SDFSC funds support activities that jointly address drug prevention and violence prevention – or for which

grantees have the flexibility to allocate their resources between drug prevention and violence prevention – and for which the Department cannot identify the amount of funds that support drug prevention, exclusive of the funds that support school safety and violence prevention efforts that reasonably have no drug control-related nexus. The \$5.2 million in National Programs funds that are excluded from the Department's drug control budget represent those obligations for specific SDFSC activities the Department can identify that exclusively support school safety and violence prevention efforts and that reasonably have no drug control-related nexus.

Program Administration Funds

The Department's drug control budget also includes an estimate of the program administration costs associated with the staff who administer the Safe and Drug-Free Schools and Communities program. These staff administer grant competitions; compete contracts; monitor existing grants and contracts; disseminate anti-drug materials; provide technical assistance to States, school districts, and other recipients of drug control funds; implement joint agreements with other Federal agencies for improved coordination in demand reduction activities; coordinate the Department's program evaluations and data collections; perform program and budget analysis; and provide legal counsel on the implementation of these programs.

The Department estimates that 28 full-time-equivalent (FTE) staff perform the above administrative functions for the SDFSC program under Goal 1 of the *National Drug Control Strategy*. This is based on 25 FTE staff assigned directly to the Safe and Drug-Free Schools program (organizational code ESN) in the Office of Elementary and Secondary Education (OESE), plus 3 additional FTE staff throughout the Department who also provide administrative support for these programs. The 2000 obligations of program administration costs corresponding to these 28 FTE are estimated to be \$3,279,000. This estimate is based on the following methodology:

- Pay for Safe and Drug-Free Staff/FTE (\$2,111,000). Derived from actual FY 2000 obligations in the Department's accounting system showing personnel compensation and benefits costs for organization ESN including overtime and awards.
- Pay for Other FTE (\$245,000). Derived from calculations using FY 2000 average salary for the OESE, excluding the costs for Safe and Drug-Free FTE, multiplied by the FTE associated with portions of staff time (FTE) of a number of other OESE and Department staff.
- Non-pay for Safe and Drug-Free Staff/FTE (\$65,000). Derived from actual FY 2000 obligations in the Department's accounting system for travel, contracts, and supplies.
- Non-pay for Other FTE (\$37,000). Derived from calculations using OESE total non-pay, minus Safe and Drug-Free non-pay, divided by number of FTE (excluding Safe and Drug-Free FTE) for a "per FTE" cost, multiplied by other OESE and Department FTE.
- Non-pay for Department Overhead Costs (\$821,000). Derived from calculations combining all Department overhead costs for rent, phones, ADP equipment, network operations, etc. in the Program Administration account divided by the FTE usage

attributable to the Program Administration account for a "per FTE" cost for overhead expenses, multiplied by total OESE Safe and Drug-Free and other FTE.

Note: Under the Drug Resources by Goal and Drug Resources by Function break-outs in the resource summary on page 1 of this report, all program administration costs identified above are combined with the obligations of Safe and Drug-Free Schools and Communities program funds to calculate the total Goal 1 dollars and total prevention dollars.

Methodological Modifications

On January 5, 2001, ONDCP approved the following changes in the methodology proposed by the Department for improving the accuracy of estimating the Department's drug control budgetary resources:

- The Department's drug control budget no longer includes funding from the Vocational Rehabilitation State Grants program or from the National Institute on Disability and Rehabilitation Research program, which were previously reported under Goal 3 of the *National Drug Control Strategy* for drug treatment and treatment research. As a result of this methodology change, this detailed accounting of fiscal year 2000 drug control funds excludes \$94.3 million that the Department would have reported by retaining these programs in the National Drug Control Budget. This figure is based on applying the Department's fiscal year 1999 drug budget methodology for these programs to fiscal year 2000 budgetary resources, and thereby estimating fiscal year 2000 obligations for these programs as follows: \$93.6 million for Vocational Rehabilitation State Grants, \$0.6 million for the National Institute on Disability and Rehabilitation Research, and \$0.1 million for program administration costs associated with the staff who administer these programs.
- The Department's drug control budget now excludes funding for those Safe and Drug-Free Schools and Communities National Programs activities that the Department can specifically identify as exclusively supporting school safety or violence prevention efforts that reasonably have no drug control-related nexus. As a result of this methodology change, this detailed accounting of fiscal year 2000 drug control funds includes \$105.5 million for SDFSC National Programs rather than \$110.7 million that would have been reported under the previous methodology of scoring 100 percent of all SDFSC National Programs obligations – a difference of \$5.2 million.

These changes take effect as of this fiscal year 2000 accounting of funds.

Material Weaknesses or Other Findings

The Department does not have any material weaknesses to disclose that affect the presentation of fiscal year 2000 drug-related obligations in this report. All other known weaknesses that affect the presentation of drug-related obligations in this report are explained in the drug methodology description above, and in the disclosures below.

Reprogrammings or Transfers

There were no reprogrammings or transfers of drug-related budgetary resources in the Department of Education in fiscal year 2000.

Other Disclosures

The Department acknowledges that the methodology described above is imprecise for identifying fiscal year 2000 obligations of drug control funds, because the methodology is based in part on estimates and assumptions. While it is based on management's best estimates and assumptions, actual obligations and expenditures may differ. Most significant among these estimates and assumptions are the following:

- The budgetary resources in this report include 100 percent of obligations for the SDFSC State Grants program and nearly all of the budgetary resources for the SDFSC National Programs. SDFSC supports drug prevention activities as well as violence prevention and school safety activities. With the exception of \$5.2 million in fiscal year 2000 SDFSC National Programs funds, the Department does not currently have data or any other means by which to identify or estimate the amount of funds under SDFSC State Grants or National Programs that support drug prevention exclusive of the funds that support violence prevention and school safety with no drug-control-related nexus. To collect such data would be prohibitively expensive for the Department and impose significant new burdens on program grantees. Furthermore, collecting such data would require the Department and, in turn, SDFSC grantees to make many arbitrary judgements about whether or not the many varied activities funded constitute drug prevention or are at least significantly drug-related. Consequently the data, if collected, would be of questionable quality, and the expense and burden to collect the data could not be justified.
- It should also be noted that a small portion of the Safe and Drug-Free Schools and Communities funds included in the resource summary of this report (approximately \$6.3 million, or 2.3 percent of total fiscal year 2000 SDFSC reported drug control obligations) supports alcohol and other drug prevention programs for students enrolled in institutions of higher education. For college students served by such programs who are 21 years of age or older, alcohol is a legal drug and the alcohol prevention component of the program falls outside the scope of the *National Drug Control Strategy*. However, the Department does not have data or any other means by which to estimate for exclusion from the Department's drug control obligations the amount of funds under these programs that support alcohol prevention for legal age students.
- The estimates of program administration costs associated with the staff who administer the Department's drug control programs are based – in part – on average administrative costs per full-time-equivalent (FTE) staff, rather than based entirely on the administrative costs of individual staff who are assigned to those programs. The reasons for this are: (1) not all of the staff assigned to these programs are assigned to them on a full-time basis, and the FTE figures are themselves partly estimated by management based on workload; and (2) the Department's accounting system does not track obligations for individual staff time devoted to specific activities or functions.

ASSERTIONS

Drug Methodology

The methodology used to calculate the fiscal year 2000 obligations of drug control funds presented in this report is reasonably accurate, based on the following ONDCP criteria.

Data

Workload and other statistical information supports the drug methodology; these data are clearly identified and the most recently available, and the source of these data and their current connection to drug control obligations are well documented.

Other Estimation Methods

Where professional judgement or other estimation methods are used as part of the drug methodology, the association between these assumptions and the drug control obligations being estimated is thoroughly explained and documented.

Completeness

All activities conducted by the Department that have a drug control-related nexus are reflected in the methodology. (While the Department conducts programs that are not reflected in the methodology and that may have an indirect or potential impact on preventing drug use by youth, all programs conducted by the Department whose primary purpose is to control drugs have been included. Funding for programs not reflected in the methodology that may have a possible impact on drug control would not be a substantial function of the programs, and difficult, if not impossible, to ascertain.)

Financial Systems

Financial systems supporting the drug methodology yield data that fairly present, in all material respects, aggregate obligations from which the drug-related obligation estimates are derived.

Application of Methodology

The methodology disclosed in section III above was, indeed, the actual methodology used to generate the fiscal year 2000 obligations of drug control funds presented in section I of this report.

Financial Plan – Including Reprogrammings or Transfers

There were no reprogrammings or transfers of Department of Education drug control funds in fiscal year 2000; therefore, the required assertion that the data presented in this report properly reflect changes in drug control budgetary resources resulting from reprogrammings or transfers of funds is not applicable.