

DOM-52 STOP EXPANSION OF THE NUMBER OF RENTAL ASSISTANCE COMMITMENTS

	Annual Savings (Millions of dollars)					Cumulative Five-Year Savings
	1996	1997	1998	1999	2000	
From the 1995 Funding Level						
Budget Authority	4,680	4,901	4,962	4,985	4,985	24,513
Outlays	11	485	1,154	1,969	3,008	6,627
From the 1995 Funding Level Adjusted for Inflation						
Budget Authority	4,845	5,252	5,510	5,729	5,946	27,282
Outlays	16	506	1,216	2,103	3,256	7,097

Each year since 1975, the Department of Housing and Urban Development (HUD) has made new commitments under the Section 8 and public housing programs. Those new commitments, which today cover periods ranging from five to 20 years, provide rental housing assistance for additional lower-income households, thereby increasing the total number receiving aid. At the end of 1994, about 4.7 million commitments for rental assistance were outstanding for all housing programs combined.

Outlays for all rental assistance programs combined totaled more than \$22 billion in 1994. If those programs were funded for 1996 and thereafter at the 1995 funding level, total outlays would increase to around \$31 billion by 2000. (That estimate is based on the assumption that the Congress would provide budget authority to extend the life of all commitments that will expire over the 1996-2000 period. The Omnibus Budget Reconciliation Act of 1990 directs CBO to incorporate the cost of future renewals into its budget projections for housing aid.)

Even if no budget authority was appropriated for 1996 and later years for commitments to assist additional households, outlays would rise to around \$28 billion by 2000. (That increase would take place because some outstanding commitments have not yet resulted in actual assistance; because subsidies per household increase annually as a result of inflation; and because expenditures would continue for other purposes such as providing incentives to owners of certain housing projects to preserve them for low-

income use.) Nevertheless, compared with the 1995 funding level, this option would reduce outlays by about \$3 billion in 2000 and by about \$6.6 billion over the 1996-2000 period. Savings from the 1995 funding level adjusted for inflation would amount to \$7.1 billion over the period. Additional savings would accrue under this option after 2000, when the unappropriated budget authority would otherwise have been spent.

An argument in favor of this option is that expanding rental assistance programs is inappropriate in light of present cutbacks in other areas. Furthermore, existing commitments would continue to assist many new income-eligible households each year because of turnover among assisted renters. Finally, no current recipients would lose their housing assistance as a result of this option.

An argument against the option is that the upward trend in the proportion of eligible renters actually receiving assistance has almost leveled off at about 30 percent because the number of new commitments funded annually dropped significantly during the 1980s. If the number of commitments was frozen, the proportion of eligible renters receiving assistance would fall because of continued growth in the number of eligible households. As a result, the number of eligible households with one or more housing problems--such as paying a relatively large share of income for rent or living in a physically inadequate or crowded dwelling--would probably increase.

DOM-53 SHIFT RENTAL HOUSING ASSISTANCE FROM NEW CONSTRUCTION TO VOUCHERS

	Annual Savings (Millions of dollars)					Cumulative Five-Year Savings
	1996	1997	1998	1999	2000	
From the 1995 Funding Level						
Sections 202 and 811						
Budget Authority	1,192	1,192	1,192	1,192	1,192	5,962
Outlays	-3	-38	-8	108	400	459
Public Housing ^a						
Budget Authority	522	522	522	522	522	2,609
Outlays	-2	-16	74	179	310	544
From the 1995 Funding Level Adjusted for Inflation						
Sections 202 and 811						
Budget Authority	1,232	1,274	1,319	1,364	1,412	6,600
Outlays	-3	-40	-10	110	415	472
Public Housing ^a						
Budget Authority	539	557	577	597	618	2,888
Outlays	-2	-17	75	187	329	572

a. CBO projections of the 1995 funding level and the 1995 funding level adjusted for inflation do not include budget authority to cover any increases in operating subsidies associated with public housing units to be constructed in the future. Therefore, relative to those two projected funding levels, this option would not generate savings in such subsidies.

A number of federal programs administered by the Department of Housing and Urban Development (HUD) subsidize the housing costs of lower-income households. The programs provide rental assistance through two basic approaches: subsidies that are tied to projects specifically constructed for lower-income households and subsidies that enable renters to choose standard housing units from existing private housing. Since the early 1980s, construction of low-income housing has been sharply curtailed in favor of using less costly existing housing. The only construction programs under which new commitments are still being made are the Section 202 and Section 811 programs (for the elderly and disabled, respectively) and the public housing program. For 1995, about one-quarter of additional assistance commitments are for construction of new dwellings, and the remaining ones are provided through the Section 8 existing-housing certificate and voucher programs.

Appreciable savings in the costs of housing programs could be realized by substituting vouchers for new construction. Total savings over the long run are evident when the cost of using vouchers is compared with the cost of new construction in terms of their present values, but not necessarily evident when they are compared in terms of year-by-year outlays as reflected in the budget. (Present value indicates the amount of money that would have to be put in the bank today in order to cover a future stream of costs.) This apparent contradiction occurs because of differences in the patterns of outlays for the two approaches. Construction programs require large up-front federal outlays for building the projects, with relatively low annual outlays for operating subsidies thereafter. In contrast, annual outlays for vouchers are more constant over time but exceed those for annual operating subsidies.

The options shown here would eliminate new commitments for construction and replace them with vouchers on a one-for-one basis. The savings shown in the table are not measured in terms of present values, however, because of budgetary conventions. Nevertheless, the budget would show net savings in outlays over the 1996-2000 period. In particular, compared with the 1995 funding level, outlays would decrease by \$459 million for the Section 202 and Section 811 programs and by \$544 million for the public housing program. Net savings from the 1995 funding level adjusted for inflation would amount to \$472 million for the Section 202 and Section 811 programs and \$572 million for the public housing program. Those savings reflect the elimination of up-front construction expenses. Savings in outlays would continue to occur for some time after 2000, but eventually the budget would reflect the higher annual outlays of vouchers compared with operating subsidies.

Substantially greater savings in budget authority would occur over the five-year period, but again, those short-term savings do not represent the complete picture. For example, in the Section 202 and Section 811 programs, the savings would derive partially from the shorter contract term of vouchers (five years) compared with rental assistance in the newly constructed projects (20 years). Consequently, they would be offset by higher budget authority after 2000, if expiring vouchers were renewed for 15 more years. (In the calculations of present values, on which the earlier discussion was based, that difficulty was avoided by using the same period of time for both types of aid.)

Proponents of these options see little need for subsidizing new construction. The overwhelming housing problem today, they argue, is not a shortage of rental units but the inability of poor households to afford existing units. For example, nationwide average annual vacancy rates have consistently exceeded 7 percent since 1986, the highest levels since 1968. Furthermore, even if there are shortages, subsidizing new construction may merely displace private activity rather than add to the total housing stock. Also, the construction of subsidized housing is generally a slow process that, at best, has an impact only after a long lag. Vouchers could help low-income households more quickly and at a lower cost to the federal government than would new construction. In addition, vouchers would give low-income households greater flexibility in choosing where to live.

National statistics on the supply of rental units, however, may mask local shortages of certain types of units that rent within HUD's guidelines for vouchers. Many elderly and disabled households, in particular, need housing that can provide special social and physical services that are not available in their current residence. Supporters of subsidized construction of units for elderly and disabled households contend that the private sector does not respond adequately to those demands because it produces units that people with low income typically cannot afford, even when vouchers subsidize rents. Similarly, a relatively large proportion of lower-income families with children live in crowded conditions. Many of them need units with three or more bedrooms. A number of the nation's large public housing authorities report that their jurisdictions have shortages of those large units with rents within the HUD guidelines.

DOM-54 ELIMINATE OR SCALE BACK LOW-INCOME HOME ENERGY ASSISTANCE

	Annual Savings (Millions of dollars)					Cumulative Five-Year Savings
	1996	1997	1998	1999	2000	
Eliminate Program						
From the 1995 Funding Level						
Budget Authority	1,919	1,919	1,919	1,919	1,919	9,595
Outlays	1,351	1,469	1,469	1,469	1,469	7,227
From the 1995 Funding Level Adjusted for Inflation						
Budget Authority	1,939	2,005	2,076	2,147	2,222	10,389
Outlays	1,354	1,520	1,574	1,628	1,685	7,761
Scale Back Program						
From the 1995 Funding Level						
Budget Authority	960	960	960	960	960	4,800
Outlays	675	735	735	735	735	3,615
From the 1995 Funding Level Adjusted for Inflation						
Budget Authority	979	1,045	1,116	1,188	1,263	5,591
Outlays	679	785	839	894	950	4,147

NOTE: The CBO baseline includes \$3.3 billion during the 1996-2000 period that is contingent on the President's designation of an emergency. In addition, the savings shown for 1996 would require a rescission of part or all of the \$1.3 billion advance appropriation in the 1995 appropriation act.

The Low Income Home Energy Assistance Program (LIHEAP) helps pay the home energy costs of some low-income households. Authorized by the Omnibus Budget Reconciliation Act of 1981 and administered by the Department of Health and Human Services, LIHEAP funding for block grants to states was \$1.9 billion in 1995. States may use the grants to help eligible households pay their home heating or cooling bills, meet energy-related emergencies, or fund low-cost weatherization projects.

Households may be eligible if they receive assistance from certain other programs, such as Aid to Families with Dependent Children or Supplemental Security Income, or if their income is low. In addition, federal law requires that states give preference to households with the highest energy costs (relative to income) when disbursing LIHEAP funds. Only

about one-third of eligible households actually receive assistance.

Eliminating LIHEAP would save \$7.2 billion in federal outlays during the 1996-2000 period measured from the 1995 funding level and \$7.8 billion measured from the 1995 level adjusted for inflation. Holding future appropriations at 50 percent of the 1995 funding level would reduce outlays by about half those amounts.

LIHEAP was created in response to the rapid increases in the price of energy used in the home in the late 1970s and early 1980s. Since the program's enactment in 1981, real prices of household fuels have declined by 22 percent, although they remain somewhat above their early-1970s levels. Those lower real prices might now warrant either eliminating or

reducing LIHEAP. Moreover, 26 states transferred up to 10 percent of their LIHEAP funds during 1993 to supplement spending for five other social and community services block grant programs; the transfers indicate that some states believe that spending for energy assistance does not have as high a priority as other spending. (That authority to transfer funds is no longer available.)

The most recent LIHEAP appropriation, however, is 38 percent below the program's original 1981

level of funding in real terms, a larger decline than the drop in real prices of household fuels. Moreover, the appropriation includes \$600 million that cannot be spent unless the President designates an emergency. Additional reductions would create hardships for some low-income households, forcing them to choose between paying for energy or for other household necessities. A further argument for retaining LIHEAP at some level is the flexibility it provides to respond quickly to a future spurt in energy prices.

DOM-55 CLOSE OR CONVERT INEFFICIENT OR UNDERUSED FACILITIES IN VETERANS' HOSPITALS

	Annual Savings (Millions of dollars)					Cumulative Five-Year Savings
	1996	1997	1998	1999	2000	
From the 1995 Funding Level						
Budget Authority	85	170	255	340	340	1,190
Outlays	73	158	243	328	340	1,142
From the 1995 Funding Level Adjusted for Inflation						
Budget Authority	87	180	277	380	390	1,314
Outlays	75	167	263	365	389	1,259

The Department of Veterans Affairs (VA) operates a nationwide medical care system that in 1994 included 172 hospitals with 54,000 inpatient beds, 130 nursing homes, and 365 outpatient clinics. Most of the hospitals are large, modern, and well staffed, providing access to high-quality care for eligible veterans. Although many of the hospitals are treating increasing numbers of patients, other facilities have experienced a declining demand for services, such as major surgery or common acute care procedures. In response, the VA in 1994 opened additional nursing home beds that had been converted from hospital beds.

The VA could achieve greater efficiency by closing small hospitals or underused units within hospitals or by converting them into facilities that offered services in greater demand. The criteria for closure could include the existence of adequate alternative sources of care, as well as low numbers of veterans using the VA facilities. Carrying out this option would require changing both the program's authorization and its appropriation.

The level of savings that could be achieved would depend on several factors: whether complete hospitals or merely wings within hospitals were closed or converted; whether conversions substituted for new construction that would otherwise have occurred; and the extent to which gross savings from closure or conversion would be absorbed by in-

creased costs for transportation or private care incurred for some veterans under the restructured arrangements. If overall savings were equal to those from the gradual closing of 4 percent of VA hospital beds, federal savings from 1996 through 2000 would total about \$1.1 billion measured from the 1995 funding level and about \$1.3 billion measured from the 1995 level adjusted for inflation.

This option would reduce the number of expensive surgical and other acute care medical facilities with low rates of use or occupancy. Closing or converting those facilities would not eliminate VA care for veterans--patients would be transferred to other VA hospitals or appropriate private facilities--but needed care would be provided more economically. To the extent that veterans were transferred to facilities that had greater professional resources or that undertook relevant surgical procedures more frequently, closure or conversion would also improve the quality of the care that veterans received.

This option could have the effect, however, of reducing access to health services for some veterans who receive care on a space-available basis within underused VA facilities. Some veterans might also find care more difficult to obtain if closures in rural areas without other facilities required them to travel greater distances to receive care.

DOM-56 REVISE THE MANDATORY SENTENCING SYSTEM FOR SOME NONVIOLENT FEDERAL CRIMES

	Annual Savings (Millions of dollars)					Cumulative Five-Year Savings
	1996	1997	1998	1999	2000	
From the 1995 Funding Level						
Budget Authority	0	0	4	9	16	29
Outlays	0	0	4	8	15	27
From the 1995 Funding Level Adjusted for Inflation						
Budget Authority	0	0	4	10	18	32
Outlays	0	0	4	9	17	30

For people convicted of certain crimes, federal law requires judges to impose mandatory minimum prison sentences. Defendants are not eligible to receive parole, probation, suspended sentences, or other alternative punishments. Deviations from that standard may occur only in cases in which prosecutors file a "substantial-assistance" motion on behalf of a defendant and a departure is granted by the presiding judge.

The enactment by the Congress of the Sentencing Reform Act of 1984 and other statutes covering drug and firearm violations dramatically increased the number of crimes carrying mandatory minimum sentences and the number of prisoners under the jurisdiction of the federal prison system. Support for minimum sentences derives from several sources: public demands to "get tough" on crime, a drop in public confidence regarding the efforts of prisons to rehabilitate criminals, well-publicized horror stories of recidivist crimes, and the desire of lawmakers to eliminate sentencing disparities.

Many people who are convicted of crimes under statutes requiring mandatory sentences are nonviolent offenders--specifically, nonviolent drug offenders--with little or no criminal history, as classified by the Bureau of Prisons. For example, an analysis of federal prison statistics for 1991 determined that 87 percent of drug offense defendants with zero or one criminal history point (no more than one prior sen-

tence of less than 60 days including probation or a fine) received prison sentences. Furthermore, the Department of Justice reported in February 1994 that more than 20 percent of federal prisoners in June 1993 were "low-level" drug offenders with no record of violence.

Mandatory incarceration of those offenders is costly and uses prison space that could be assigned to violent and more dangerous criminals. Nonviolent drug offenders could be punished for shorter durations or by more cost-effective means. Alternative punishments include fines or restitution, probation, community service, electronic home monitoring, shock incarceration ("boot camps"), or supervised release. However, the use of those alternatives is currently limited by the U.S. Code, the sentencing guidelines, and bureau regulations. Eliminating or reforming the mandatory minimum sentencing system for nonviolent offenders could reduce federal outlays by \$27 million over five years measured against the 1995 funding level and by \$30 million over five years measured against the 1995 level adjusted for inflation. More significant savings would accrue in the future as the prison population fully adjusted to the reforms. Ten years hence, annual savings would be between \$40 million and \$50 million at current prices.

Budgetary savings under this option are uncertain. They depend on whether freed-up space is

filled with violent criminals who would remain incarcerated for longer periods and on the effects of reform on expansion of federal prison capacity.

For the purposes of these estimates, CBO assumed that the mandatory minimum sentences for nonviolent offenders would be reduced by approximately 50 percent, the annual cost of incarcerating an inmate would be about \$20,000, and 500 to 700 prisoners would be eligible for the sentence reduction each year. The estimates also assume that appropriations would be reduced accordingly and no substitutions--of prisoners with reduced sentences for other types of offenders--would occur.

Proponents of reforming the mandatory minimum sentencing system argue that it has not achieved its primary goals. They contend that mandatory minimums, particularly in the case of nonviolent offenders, have moved prisons away from their primary mission--the removal of violent criminals from society--and, in fact, have led to reduced punishments for such criminals because of overcrowding. Furthermore, contrary to what was intended, mandatory minimums have not eliminated unwarranted disparities in sentencing; rather, they have created unwarranted sentencing uniformity by transferring discretionary authority from judges, who are limited in their sentencing options, to prosecutors, who determine which offenders may plea-bargain and potentially receive reduced sentences. In addition, because mandatory minimums increase the likelihood of long prison terms, many defendants believe they have nothing to lose and are more willing to risk going to trial. Consequently, significant backlogs have been created in the courts, and prisons have been populated beyond their intended capacity.

Perhaps most important, argue supporters of reform, are the differences in the fundamental nature of nonviolent drug crimes and violent crimes such as rape or murder. Most adult nonviolent drug crime is consensual; that is, it occurs between parties that engage in such conduct voluntarily. Moreover, since a large portion of drug crime is driven by the opportunity for huge profits, the mandatory incarceration of drug offenders overwhelms current prison capacity but does not change those financial incentives. Removing one drug offender from society just opens the door for others. Conversely, jailing pathological

criminals such as child molesters or murderers has a tangible impact on the crime rate: it removes the cause of crime from the streets.

Proponents of reform also contend that alternative punishments or shorter sentences for nonviolent offenders could be equally effective and less costly than prison confinement. Fines and restitution in addition to probation, for example, may be appropriate penalties for some defendants and could allow offenders to compensate any victims of their transgressions. Such penalties may also allow nonviolent offenders to remain in the community as taxpayers and pay the fines or costs associated with their sentences more easily. Electronic home confinement might be another workable alternative to federal prison: it would restrict the movement and actions of some offenders while imposing significantly smaller costs than full-time prison confinement. Finally, shock incarceration, or boot camp, and its highly regimented prison term may be more constructive than traditional incarceration for some younger offenders.

Critics of this option maintain that mandatory minimum sentences are justified because they fulfill important law enforcement and sentencing goals. Just as legislators constrain judges with punishment ceilings that prevent disproportionate punishments, mandatory minimum sentences create a floor for punishment that cannot easily be breached. Moreover, mandatory minimums complement the "no parole" conditions of federal law, thereby promoting "truth in sentencing." Such well-defined terms, opponents contend, best serve two of the most important goals of sentencing--the incapacitation and deterrence of criminals. And because of the substantial-assistance provisions, which give prosecutors the leeway to offer defendants reduced sentences in exchange for cooperation with law enforcement officials, mandatory minimums make it more likely that other criminals will be captured. Furthermore, many supporters of such sentences would argue that all drug crime, even at the lowest level, is an inherently violent act because it supports drug traffickers and kingpins who often resort to violence.

Those who oppose alternative punishments or changes in the mandatory minimum system emphasize the benefits of "certainty in punishment" that accompany punishment floors. Guaranteed prison

terms increase public safety by ensuring that no new criminal offenses will be committed by offenders for the duration of their sentence. Opponents of change also contend that unwarranted severity in punishments is a minor problem and that in only a very few cases (around 5 percent) does the mandatory min-

imum sentence exceed the punishment that would have been allotted under the guidelines sentencing system. Finally, offenders who fail to conform to the terms of alternative punishments may actually be sentenced to longer prison terms than if they had been incarcerated initially.

DOM-57 ELIMINATE CERTAIN CRIME PREVENTION PROGRAMS AUTHORIZED IN THE 1994 CRIME BILL

	Annual Savings (Millions of dollars)					Cumulative Five-Year Savings
	1996	1997	1998	1999	2000	
From the 1995 Funding Level						
Budget Authority	48	48	48	48	48	238
Outlays	9	33	47	48	48	184
From the 1995 Funding Level Adjusted for Inflation						
Budget Authority	49	51	53	54	56	263
Outlays	9	35	50	52	54	200

The Violent Crime Control and Law Enforcement Act of 1994 substantially increased funding for crime prevention programs. Twelve of those programs have been targeted for elimination in proposed amendments to the crime bill. The 12 programs are all authorized in title III of the act, which focuses on crime prevention, and most of them are to be funded from deposits in the Violent Crime Reduction Trust Fund. The programs are the Ounce of Prevention Council, the Local Crime Prevention Block Grant program, the Model Intensive Grants program, the Family and Community Schools Endeavor Grant program, Assistance for Delinquent and At-Risk Youth, Police Recruitment, the Local Partnership Act (funded from the Local Government Fiscal Assistance Trust Fund), the National Community Economic Partnership, Urban Recreation for At-Risk Youth, Community-Based Justice Grants for prosecutors, the Family Unity Demonstration project, and Gang Resistance Education and Training.

Measured from the 1995 funding level, savings from eliminating those 12 programs would total \$9 million in 1996 and \$184 million over the 1996-2000 period. Measured from the 1995 level adjusted for inflation, savings would total \$9 million in 1996 and \$200 million over five years. However, because only three of the 12 programs are authorized to begin in 1995, calculating savings from the 1995 funding level significantly understates the potential spending reductions. If one assumed that all 12 programs were

fully funded at their authorized levels through 2000, eliminating them would mean a maximum cut of \$3.9 billion over the 1996-2000 period. That action would result in estimated outlay savings of \$3.3 billion over the five-year period.

In 1995 alone, the federal government will fund anticrime programs totaling at least \$3.0 billion, with approximately \$2.4 billion of that spending attributable to the new crime bill. A recent report by the General Accounting Office cataloged 266 federal crime prevention programs--for youth alone--already in operation before enactment of the crime bill and spread across many agencies of the federal government. Funding for such programs has been increasing steadily.

Critics of title III question whether a layer of new programs--entailing further increases in spending and, in some cases, alleged duplication of effort--is appropriate. They contend that the entire crime prevention effort is uncoordinated, inefficient, and even wasteful. Some argue that the federal government directs too much of its attention toward problems that are not federal responsibilities, noting that less than 5 percent of the laws on the books are federal laws. From that perspective, effective programs to prevent crime are necessarily local programs--tailored to individual communities and responsive to different social histories and attendant problems. Those critics object to expansions of what they term Great Society

social welfare programs and believe that more federal funding for crime prevention will lead only to more government control and regulation.

Finally, opponents of additional crime prevention funding assert that the most effective deterrent to crime is not what they term arts and crafts programs but strong, swift, certain punishment for crimes that have been committed. They espouse mandatory prison sentences, enhanced use of the death penalty, and measures to strengthen prosecutors.

Supporters of additional funding claim that the best way to deal with high levels of crime is not through retroactive punishment of offenders but by education, training, and recreation and employment opportunities provided through community-building organizations. They maintain that the crime prevention programs in the crime bill constitute an important balance compared with the much larger amounts of money provided for law enforcement activities. That balance, they argue, is similar to a responsible approach to health care, which would fund not only

treatment of a disease but its prevention. They disagree with the notion that a person must be caught committing a crime before government has any responsibility to intervene.

Supporters of additional funding for crime prevention also argue that the "ounce of prevention" it provides is, in the long run, much less costly than a "pound of punishment," and that it deserves to be tried as part of any serious effort to reduce the costs to the nation of the burgeoning crime problem. They cite studies that show measurable drops in rates of crime--and therefore drops in the costs of courts and prisons--as a result of crime prevention programs.

Proponents also point to what they see as the vital role of the federal government in encouraging local efforts on behalf of a crime problem that is national in scope. Those advocates argue that the purpose of federal crime prevention assistance is to persuade states and localities to address problems that they otherwise might be forced to neglect because of scarce resources.

DOM-58 REDUCE FUNDING FOR LAW ENFORCEMENT EFFORTS TO CONTROL ILLEGAL DRUGS

	Annual Savings (Millions of dollars)					Cumulative Five-Year Savings
	1996	1997	1998	1999	2000	
From the 1995 Funding Level						
Budget Authority	1,824	1,824	1,824	1,824	1,824	9,120
Outlays	1,077	1,570	1,732	1,781	1,799	7,958
From the 1995 Funding Level Adjusted for Inflation						
Budget Authority	1,892	1,958	2,030	2,102	2,180	10,162
Outlays	1,118	1,667	1,896	2,016	2,108	8,804

The federal government currently allocates over \$13 billion to the war on drugs. Of that amount, approximately \$8 billion is directed toward controlling the supply and distribution of illegal drugs in this country. The remainder is allocated to research and development, treatment, education, and other efforts to control the demand for drugs. Interdiction and international activities account for \$1.8 billion of the funds designated for efforts to control the supply of drugs.

The results of this formidable effort have been mixed, and both supporters and detractors of current law enforcement activities can find encouragement in recent trends. Some indicators show that drug use is significantly less prevalent than it was before the inception of the war on drugs, while other measures show that there has been no decline among certain important subgroups, especially hard-core users. With no clear proof of the efficacy of law enforcement efforts against drugs, some critics argue that the federal government could drastically reduce the resources directed toward the problem without affecting drug use over the long term.

This option recommends the elimination of drug interdiction and international activities to control the supply of drugs. Those two efforts are the ones for which critics find the most questionable results. The Congress has already moved to scale back funding for those activities, with the result that their appropriations for 1995 were more than \$400 million lower

than the 1993 funding level. Over five years, this option would save \$8.0 billion measured from the 1995 funding level and \$8.8 billion measured from the 1995 level adjusted for inflation.

This option would eliminate not only those drug supply activities conducted by nondefense agencies but those of the Department of Defense as well. Defense-related efforts account for about one-fourth of interdiction and international activities, and efforts related to the administration of justice account for about two-fifths. The remainder is split between the budget functions for transportation and international affairs. This option would leave unchanged the funding for treatment, education, and other activities focused on controlling the demand for drugs.

Proponents of reducing federal spending for interdiction and international activities argue that those efforts have not and cannot have a lasting effect on either the availability of or the demand for drugs. They have undoubtedly made it more difficult and more costly to grow, process, import, and distribute illegal drugs; but no hard evidence exists to support the hypothesis that intensified efforts have kept those drugs away from users or pushed prices up to levels that, in the long run, appreciably reduced the amount of drugs being purchased. In fact, some sources show that illicit drugs are less expensive and more readily available now than they were before the inception of the war on drugs.

In addition, current research shows that efforts to cut off the supply of drugs in their country of origin are not cost-effective, because producers' costs are only a small part of the users' charges. As drugs proceed farther along the processing and delivery chain, disruptions have a greater effect on retail prices and thus, one assumes, produce a greater deterrent effect. This evidence suggests that, to use law enforcement dollars to the greatest advantage, efforts should focus on the later stages of drug supply, particularly at the street level, where responsibility rests with state and local units of government. Of course, efforts to control the supply of drugs at that level are tenuous for several reasons: competition among producers and distributors, the large markup from wholesale to retail prices, and the ability of distributors to dilute the drug and so maintain an end price that customers can afford.

Proponents of cutbacks in law enforcement efforts also argue that factors related to demand, rather than supply, are dominant in determining drug use. In the past 10 years, most measures of substance abuse have shown significant declines, including lower levels of serious drug use and reductions in the number of people needing treatment. Although causality cannot be assigned, one could argue that the declines are independent of the level of federal resources allocated to controlling drug use. Proponents of reducing enforcement efforts claim that perceptions of health risks and societal attitudes, not enforcement, have probably reduced the demand for drugs among casual users. They also argue that stepped-up levels of enforcement could not have con-

trolled past increases in the number of people with serious drug problems because hard-core users tend to become immune to such efforts. Instead of more enforcement, proponents argue for an expansion or reshaping of existing drug education and treatment programs and for more attention to societal problems, such as dysfunctional families, that contribute to overall drug use.

Those opposed to cutting funds for drug enforcement and related efforts point to the successful side of these activities: the destruction of major drug trafficking organizations and the large quantities of illegal crops and drugs that have been destroyed or seized. Law enforcement planners believe that they can take some credit for the reductions seen in drug use since its apex in the mid-1980s; they argue that street prices would have been much lower, and the availability of drugs much greater, without extensive funding for criminal justice efforts. Given that overall drug use remains at unacceptably high levels and that some indicators show recent increases in some categories of use, they contend that it would be premature and irresponsible to reduce or shift current resources away from enforcement. They point out, moreover, that criminal justice efforts are needed as much to keep some control over illegal drug activity as to reduce it, and that many programs are hard-pressed to maintain their existing levels of effort even with current funding. For some agencies, cutting back their funding for interdiction and international efforts would also disrupt some of their activities that are not related to combating the use of drugs.

DOM-59 REDUCE FUNDING FOR JUSTICE ASSISTANCE AND CERTAIN JUSTICE-RELATED ACTIVITIES

	Annual Savings (Millions of dollars)					Cumulative Five-Year Savings
	1996	1997	1998	1999	2000	
From the 1995 Funding Level						
Budget Authority	492	492	492	492	492	2,460
Outlays	383	462	488	492	492	2,317
From the 1995 Funding Level Adjusted for Inflation						
Budget Authority	508	525	544	563	582	2,722
Outlays	396	490	534	577	557	2,554

In addition to the law enforcement activities that the Department of Justice (DoJ) carries out directly, it and related government entities provide various types of law enforcement or legal assistance to individuals, community organizations, and state and local law enforcement agencies. That assistance can take the form of direct payments to individuals; financial grants to carry out projects or conduct research; information, training, or services; or in-kind grants. This option would reduce direct financial assistance by 20 percent while removing many of the restrictions on the use of those justice assistance grants. In addition, it would eliminate funding for the Legal Services Corporation (LSC) and terminate the State Justice Institute (SJI). Those cuts can, of course, be considered separately.

In 1995, the federal government will provide state and local units of government and nonprofit organizations with justice assistance grants totaling about \$315 million. That financial assistance is spread among many grant programs, each earmarking funds for a specific purpose. Consolidating those grants into one large formula grant for justice-related activities and reducing the total funding by 20 percent would generate outlay savings of \$14 million in 1996 and \$238 million through 2000 measured from the 1995 funding level. (Savings would be \$14 million in 1996 and \$258 million through 2000 measured from the 1995 level adjusted for inflation.) For 1995, the Congress appropriated \$415 million to fund the LSC and \$14 million to fund the SJI. Reducing

funding for those two organizations as described below would save \$369 million in 1996 and \$2.1 billion over the 1996-2000 period measured from the 1995 funding level (\$382 million in 1996 and \$2.3 billion through 2000 from the 1995 level adjusted for inflation).

Reduce and Consolidate Direct Financial Assistance. The DoJ provides grants to states and localities, most of which are distributed through the Bureau of Justice Assistance. One of the largest programs is the Anti-Drug Abuse Grants program. Other grants fund juvenile justice programs; support research, development, and evaluation of state justice programs; assist in the settlement of Cuban and Haitian immigrants; or fund various other initiatives. Grants are classified and administered as either program grants, which are awarded to governments or nonprofit groups based on competitive applications, or formula grants, which allocate funds on the basis of population and other characteristics of the states.

Critics of federal spending for law enforcement assistance argue that DoJ directs much of its funding toward problems that are of low priority to recipient governments or that are not federal responsibilities. They also contend that resources are used inefficiently and that with some modification, financial assistance could be scaled back substantially with no detrimental effects on the nation's law enforcement capabilities. The reductions contemplated by this option would entail consolidating the programs and

changing the method by which funds are allocated. Most DoJ grants are categorical grants, which must be used for a specific purpose and in some cases require the receiving entity to provide matching funds. Specifying the grant's purpose could encourage units of government to spend money on programs that may not be a high priority in their jurisdiction. (From that point of view, applicants take grants because they are available rather than because of pressing need.) In contrast, block grants are dedicated to a broad category, and recipients are allowed to direct resources toward the programs within that category where they need is greatest. Shifting the method of distributing funds exclusively to block grants would enhance the ability of localities to handle their law enforcement problems, even with fewer total resources.

Those people in favor of restructuring the federal government's grant programs also point to potential savings from lower administrative costs. Currently, each program grant requires that applicants file a proposal detailing how the grant will be used and what oversight will be conducted; in addition, recipients must submit follow-up reports on the program's achievements. Those administrative expenses absorb a portion of the total grant that could be used to carry out program activities by administering the entire program as a single formula grant. This plan is consistent with recommendations in the National Performance Review for reducing administrative overhead and enhancing flexibility.

Opponents of reducing funding for law enforcement point to the vital role of the federal government in augmenting the resources of the states and directing funds to areas of critical national need. In certain cases, they argue, the problems that those funds are addressing are national in scope; without the incentive of federal grants, the states might neglect those problems because of the scarcity of their resources. For example, state and local law enforcement agencies use the Anti-Drug Abuse Grants for street-level drug enforcement, and in 1991, that one program accounted for roughly 10 percent of such spending by all levels of government. Without federal assistance, these advocates assert, the nation's streets would be far more dangerous than they already are. With crime rates soaring around the country, they argue that there should be more, rather than less, federal money allocated to battling crime.

Other areas, such as juvenile justice, also rely heavily on federal assistance for support. In many cases, states supplement federal funds with their own resources, thus raising the total level of resources directed at the problem. Reducing federal funding for those efforts would cause many of the states to terminate their programs and allocate their funds to other purposes. Proponents of the current categorical grant system maintain that if such grants are used effectively, they can provide the necessary incentive for states to address problems that federal lawmakers feel are most pressing. These advocates argue that the purpose of the grants is not to provide the resources for law enforcement efforts at all levels of government but to persuade states and localities to address problems that they otherwise might not. The federal effort to persuade states to enhance their civil rights protections is an example of how that practice has operated in the past.

Eliminate Funding for the Legal Services Corporation and Terminate the State Justice Institute.

The Legal Services Corporation is an independent, not-for-profit organization that supplies funding to programs providing free legal advice to the poor on civil matters. About 300 state and local programs receive LSC grants from federally appropriated funds, and in 1992 those programs handled about 1.4 million cases. Since its inception in 1974, the LSC has been the subject of controversy. Critics such as the American Farm Bureau Federation charge that the activities of legal service lawyers too often focus on advancing social causes rather than on meeting the needs of poor people with routine legal problems; they also question the appropriateness of some of the tactics employed by LSC attorneys. In addition, such critics argue that providing legal services to the poor is not a federal responsibility. If funds for the LSC were eliminated, the responsibility for legal aid to the poor would rest with states and local governments. That change would make those services more responsive to local needs.

Those people in favor of continued support for the LSC argue that the federal government's funding of free legal services for poor people is the only way to ensure that all citizens receive legal representation, regardless of their financial situation. Removing federal funding in favor of support from private sources and pro bono services would diminish access to legal