



Department of Justice

STATEMENT

OF

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ATTORNEY GENERAL

BEFORE

THE

HOUSE APPROPRIATIONS SUBCOMMITTEE ON
THE DEPARTMENTS OF COMMERCE, JUSTICE, AND STATE,
THE JUDICIARY, AND RELATED AGENCIES

CONCERNING

THE DEPARTMENT OF JUSTICE BUDGET

ON

FEBRUARY 28, 1989

Mr. Chairman and Members of the Committee:

Thank you for giving me the opportunity to present the Department's 1990 request and to address ongoing programs and policies.

Before addressing today's problems, and how the Department's 1990 budget proposes to deal with them, I would like to observe that this year marks the commencement of the 200th anniversary of the Judiciary Act which established the Office of the Attorney General. The Constitution provides that the President ". . . shall take Care that the Laws be faithfully executed. . ." and the Judiciary Act of 1789 reiterated that an Attorney General should be appointed and sworn to fulfill this responsibility.

Faithfully executing the law of the land is now much more of a responsibility than it was when Edmund Randolph became the first Attorney General on a part-time basis. Let me state unequivocally that it is my intention to faithfully perform that duty and to apply all the management skills at my disposal to make the best possible use of the Department's available resources.

ACHIEVING A GOAL

Over the past several months, the press has reiterated the President's goal of a kinder, gentler nation. I have said that in doing this we will have to get rougher and tougher on some of

our citizens - those behind the scourge of illegal drugs, those engaged in organized crime activities, those who violate the civil rights laws, and those who would betray the trust of governing and defraud some of our most esteemed institutions. Our budget proposal provides the funding for these and other enforcement efforts of the Department.

Looking back over the last eight years, there is no doubt that the Congress has concurred with the Administration that more resources must be applied at the Federal level to control and reduce crime. Bipartisan support was essential for four of the legislative landmarks of the Reagan years - the Comprehensive Crime Control Act of 1984, the Anti-Drug Abuse Act of 1986, the Immigration Reform and Control Act of 1986, and the Anti-Drug Abuse Act of 1988. When these important pieces of legislation were under consideration, there were differences on how programs should be executed and coordinated, on the relative priority and effectiveness of various Federal programs, and on whether direct Federal programs should take precedence over programs administered by State and local governments. These debates will undoubtedly continue, but they should not obscure the fact that both the Administration and Congress recognize that increased law enforcement efforts depend ultimately for their success on underlying social attitudes that respect the integrity and importance of our legal system. I intend to work closely with the Congress to find more effective ways to apply resources and make it clear that we agree that all branches and levels of Government share responsibility for protecting our citizens.

DEPARTMENT OF JUSTICE AUTHORIZATION ACT

This year the Department of Justice will again submit to the Congress a bill to authorize appropriations for most of the components of the Department. Except for the Office of Justice Programs, which is separately authorized, no authorization act has been approved by the Congress since 1980. The 1980 authorization act has been extended annually, in the appropriations acts, with special provisions for undercover operations of the Federal Bureau of Investigation and the Drug Enforcement Administration. The authorization bill we are submitting for this year is almost identical to the one submitted last year except that it omits the United States Marshals Service Act, which was passed last year as part of the Anti-Drug Abuse Act of 1988. Prompt enactment of an authorization bill would enable the Appropriations Committees to move forward on appropriations matters with clear direction on related authorization issues and to eliminate from the appropriations act a number of provisions that are more appropriately placed in the authorization act or permanent law.

OVERALL BUDGET REQUEST

The budget request for 1990 provides a blueprint for a new decade of effective law enforcement. The budget authority request for 1990 contained in the budgets you have before you and the budget amendments proposed by President Bush total over \$7.1 billion. Under current law and budget allocation rules, the

amount that the Committees on Appropriations must address in 1990 is \$6.570 billion. This is \$731 million more than the \$5.839 billion currently provided through general and special funds in 1989. The major reason for the \$556 million difference between the total estimate for 1990 and the amount to be considered by the Committees on Appropriations is primarily explained by the recent creation of a number of self-financing funds.

FINANCIAL INSTITUTIONS FRAUD

Before I discuss the other budget thrusts contained in the 1990 budget, I must take note of the major crisis of fraud in financial institutions about which I have testified before the Senate Committee on Banking, Housing, and Urban Affairs as well as in other forums. The magnitude of failures in the savings and loan industry, and the fact that over a quarter of those failures were caused by fraud and insider abuse, signify serious white collar crime problems that require immediate action by the Department. The Administration is requesting for 1990 an appropriation of almost \$50 million and 760 new positions to investigate and prosecute these abuses. These resources will be applied to the Federal Bureau of Investigation, the United States Attorneys and the Criminal and Tax Divisions of the Department of Justice. A budget amendment reflecting these requests will be submitted shortly. In addition, supplemental funding will be requested in 1989 so that we can more rapidly stop the hemorrhaging of key financial institutions.

OTHER MAJOR BUDGET THRUSTS

Throughout the 1989 budget cycle, the Administration's request for additional drug resources met a positive response from those in Congress who had been made aware of the gravity of the issues. The Anti-Drug Abuse Act of 1988 demonstrates that Congress recognizes the need for new approaches in the war on drugs. While the Act provides a wide variety of key weapons with which to combat the nation's number one law enforcement priority, it is unfortunate that the regular Department of Justice Appropriations Act for 1989, even when augmented by the supplemental funding that accompanied the new drug legislation, provided less than President Reagan had requested in his initial 1989 request for the Department's components involved in law enforcement. The shortfall for the investigative agencies alone, namely the Federal Bureau of Investigation, the Drug Enforcement Administration, and the Immigration and Naturalization Service, when compared to the President's 1989 request, was in excess of \$100 million. Similarly, the shortfall in those appropriations accounts which experience post-investigation costs, such as the United States Marshals Service and the Federal Prison System, exceeded \$250 million. Likewise, there was a significant shortfall in our litigative resources. Furthermore, in 1989, we will absorb the full cost of the 4.1 percent pay raise that became effective for most employees in January 1989, special pay rates approved for many employees in high cost areas, and other

mandatory costs. I realize that these cost absorption problems are common to most agencies, but with limited exceptions, Congress must recognize that current budgetary realities will require strong, focused management efforts for us to meet the modest expectations we had established in our initial 1989 program proposals.

In 1990, we will continue to make the Administration's war on drugs our top priority. Additionally, the request includes funding to move forward with a variety of more vigorous criminal prosecutions; to improve our capacity to house and care for an increasing Federal prison population; to confine, transport and produce more unsentenced Federal prisoners; to expand the use of automated technology that will improve productivity; to collect debts owed the Federal Government; and to represent the Federal Government in a wide range of litigation.

WAR ON DRUGS

Several months ago the Surveys and Investigations Staff of the House Committee on Appropriations was asked to look at the Federal Government's drug effort. The report noted that 41 Federal departments or agencies and their respective component organizations are participating in and expending appropriated funds for anti-drug abuse programs. Using the Surveys and Investigations Staff estimates, less than half of the funds expended for drug programs were slated for the Department of Justice. Some people worry that addressing a problem with a multitude of resources automatically signals a lack of

coordination. Yes, coordination is essential, but we should be thankful that so many Government agencies recognize that they can make a positive contribution to reducing the demand for and the supply of illegal drugs.

I think that many people outside the Government are surprised at the array of responsibilities the Department has and the number of components within the Department that participate in the war on drugs. Foremost in everybody's mind, of course, is the Drug Enforcement Administration which has a direct 1990 appropriation request of \$551.2 million to support 5,409 positions, including 2,513 drug enforcement agents. This is the front line of law enforcement that we all know about. Almost as well known is the narcotics related investigative work of the Federal Bureau of Investigation, which was formalized by order of the Attorney General on January 20, 1982, and which now focuses on coordinated investigations targeted against major drug trafficking organizations on a nationwide basis. We must also recognize the interdiction role of the Immigration and Naturalization Service (INS) which serves as a significant barrier against the entry of illegal drugs across our land borders.

Bolstering these front-line investigators and their support staffs are U.S. Attorneys who are charged with ensuring that those arrested for drug crimes will be prosecuted and, if convicted, serve stiff sentences. Investigation without the resources to prosecute becomes an empty exercise. The U.S.

Attorneys must handle not only drug cases from Justice agencies, but also those from the Customs Service, the Coast Guard, the Internal Revenue Service, and a host of other agencies involved in criminal investigations. We must take care that the U.S. Attorneys and the courts resources are balanced so that they are not overwhelmed with drug cases to the degree that they cannot handle their other criminal and civil responsibilities.

Also in the chain of Justice activities is the Marshals Service and its responsibility for court security; execution of warrants; prisoner housing, handling, and transportation; witness security; seized asset management; fugitive investigations; and international extraditions. Finally, at the end of the Justice chain are the Federal Prison System and the U.S. Parole Commission.

The total budget estimate for the Department's drug effort in 1990 is \$2.4 billion which includes \$150 million for State and local drug grant programs. These funds will support 20,445 workyears, or 1,934 workyears more than we are planning for in 1989, and will address one of my major concerns as Attorney General which is to ensure that there is a proper balance of resources among all of the components of the criminal justice system -- a responsibility that is shared by the Administration and Congress.

OBSERVATIONS ABOUT DRUG WAR

My appointment as Attorney General of the United States, as many of you know, represents a return appearance for me in the

Justice Department. A decade ago I was head of the Criminal Division. If I had to identify the biggest single change in the Department in the intervening years, it would be the growth of our involvement with the international problem of drug abuse.

Late last fall, I visited a dozen of my law enforcement counterparts from the European community during a ten-day introductory trip. Before and since, I have met with other top law enforcement officials from around the world to ensure our continued cooperation on a variety of matters. All have agreed on the need for greater international cooperation in the war on drugs, a war that deserves our wholehearted support.

The modern plague of drugs preys upon young people, devastates families and communities, and threatens the well-being of all nations. Drug abuse disables millions of people and threatens to enslave millions more.

The toll that drugs exact on our societies extends far beyond the individual victim. In a sense, all of us become victims, for our health and safety is at stake when others use drugs. We become victims of the crimes that addicts commit to sustain their habits. Community values crumble, institutions weaken, and governments must divert resources and attention to those problems of crime and corruption that invariably accompany drug production, trafficking and abuse. In many countries, narcoterrorism flourishes as terrorists and traffickers enter conspiracies of convenience. Drug production and trafficking also have stunted social and economic development, corrupting

whole societies through tawdry promises of wealth through drugs, and retarding efforts to maximize the productivity and efficiency of people in the workplace.

Drug traffickers have vast international networks, profits and arms at their disposal. They have no need to advertise their products, and they are able to gain access to villages, cities, schoolyards, workplaces, and locker rooms.

As drugs make their way from point of origin to point of sale, they pump billions of dollars into the pockets of traffickers and dealers who live at the heights of the high life as a result of the misery and devastation they visit upon others. There is no more international a business today than the drug cartels -- a business where the raw materials are grown in one country, processed into illegal drugs in another, and shipped through several countries for sale in yet others. Profits from these sales are in turn recycled through laundered investments in a multitude of disguised transactions crossing many borders, often using legitimate international financial institutions.

The cost of drug abuse is bad enough in the United States where approximately 23 million Americans, or almost one in every ten of our citizens, used an illicit drug within the past month; where approximately 70 percent of those arrested for other than drug charges tested positive for illegal drugs at the time of their arrest; and where nearly \$100 billion a year is spent to combat illegal drug problems.

When we deal with drugs on the international level, we see even greater horrors that the drug trade can cause. Consider Colombia, for example. We see the drug traffickers who ambushed the security chief of a major Colombian newspaper last March, killing him in front of his wife, and shooting his ten-month-old daughter as well. We see the late Colombian Attorney General, Carlos Mauro Hoyos, kidnapped and found fatally shot in the head. We see Enrique Parejo, Colombia's ambassador to Hungary, tracked down and shot in Budapest by Colombian drug traffickers for having opposed them while he was Justice Minister. We see other honest government officials in Colombia and elsewhere who get miniature coffins in the mail, with pictures of their loved ones inside, courtesy of the drug traffickers.

If there is anything that could be called a bright side to the world-wide drug problem, it is that because the problem cuts across differences that are otherwise very great, it gives nations grounds for cooperation even while their relations in other areas may be difficult. This was evident in Vienna last December when over 100 nations adopted a United Nations Convention drafted to mount a concerted attack on drugs throughout the world. I was privileged to sign this document on behalf of the United States and to evidence our leadership in this effort which I hope and expect will receive early ratification by the United States Senate. This new multi-lateral agreement, entered into by drug-producing as well as drug-using nations, provides a number of new resources aimed at breaking the

cycle of drug trafficking and money-laundering that sustains the drug cartels. Its adoption can dramatically increase our international cooperative efforts against drug dealers.

While the Convention itself does not alter the laws of any nation, it commits the signers to the enactment of new legislation where necessary and to increased cooperation among law enforcement officials.

Full implementation of this Convention would give our children, and their children, the gift of a world cleansed of what President Bush properly identifies as the "scourge of drug abuse," a world where governments carry out their responsibilities free of the corrupt influence of drug profiteers, a world where the vicious criminals now in control of transnational drug cartels are behind bars, their networks in ruins, and their seized illicit profits plowed back into more effective law enforcement.

One final matter deserves note. If we want to lose the war on drugs, we can just leave it to law enforcement. I do not mean to play down the brave efforts of those involved in the supply side of the drug trade. Instead, I mean that we must pay equal attention to the demand side -- to reducing the consumption of drugs through programs of prevention, education, rehabilitation, and treatment and holding the drug user accountable for a share of the economic and social costs of drug dependency. It involves, in the final analysis, a re-affirmation of the value of

a drug-free lifestyle and a recognition of the threat to our nation of continued tolerance of the plague of drug abuse.

ORGANIZED CRIME DRUG ENFORCEMENT

The 1990 budget implements Title I of the Anti-Drug Abuse Act of 1988 with its requirement to include a separate appropriation in the Department of Justice budget covering all Federal agencies participating in Organized Crime Drug Enforcement Task Forces.

The Task Forces grew out of the realization that effective and comprehensive attacks on major drug organizations are often beyond the capacity of a single agency. A multifaceted attack on highly sophisticated drug cartels requires unique capabilities combined into a comprehensive and orchestrated investigation and prosecution. I will work with the new Director of National Drug Control Policy in whatever role may be appropriate to further develop and implement a coordinated national drug strategy.

We agree with the provision in the Anti-Drug Abuse Act requiring a separate appropriation for the OCDE Task Force Program. This is an effective means to implement a national drug strategy. A similar proposal was announced on October 14, 1982, by President Reagan in the Great Hall of the Department of Justice when the concept of the OCDE Task Forces began. The proposal for an OCDE appropriation received a hearty endorsement in the Senate and was approved for use by the Congress in both 1983 and 1984. Beginning in 1985, we continued the Task Forces,

but reverted to the more traditional direct agency appropriation concept to fund them. The theme of using a single appropriation for OCDE and other drug work was revived by Congress because the need for more flexibility in applying drug resources was recognized. The 1990 budget includes an appropriation request of \$215 million that will be made available to eleven different components of the Justice, Treasury, and Transportation Departments that participate in the Organized Crime Drug Enforcement Task Force Program. Within the participating agencies, the OCDE Task Force amounts are reflected as reimbursements.

OTHER DRUG AND INVESTIGATIVE INITIATIVES

The Drug Enforcement Administration (DEA) is the only Federal agency in Government whose sole mission is drug law enforcement. Although President Bush's 1990 budget request of \$551.2 million for DEA is only \$16.7 million over its 1989 budget authority, the absolute increase is \$85.1 million if we include over \$68.4 million that it is scheduled to receive from the OCDE Task Force appropriation. With these additional resources, DEA is to expand its foreign drug suppression efforts, increase its resources to seize drug trafficker assets, destroy more clandestine laboratories, increase its own laboratory testing capabilities, expand in-service training for DEA personnel, and improve ADP and telecommunication capabilities. Also, resources are included to fund fully the 221 positions added in 1989 as a result of the Anti-Drug Abuse Act of 1988. In addition,

President Bush has decided to ask for another \$5 million to take advantage of several promising opportunities to suppress the growth and suppression of illegal drugs in foreign cooperative operations.

The \$1.531 billion request for the Federal Bureau of Investigation is \$91.8 million higher than its enacted 1989 appropriation of \$1.439 billion. However, its absolute increase is \$143.4 million if we include the planned reimbursement of \$51.6 million in OCDE resources to the FBI. The budget request includes the Administration's new initiative to apply approximately \$25 million and over 450 positions to investigate financial institution fraud and embezzlement, as well as increases of \$12.2 million to annualize other FBI drug activities approved for funding in the Anti-Drug Abuse Act of 1988 including full funding for 279 newly authorized positions, \$14.3 million in equipment to support other high priority field investigations and \$23.3 million to augment investment within the ADP, telecommunications, and technical field support areas, offset, in part, by decreases totaling \$11.3 million to stretch out implementation of office automation and the digital voice privacy radio system. Given that the FBI has had to absorb a great many mandatory costs over the last few years, this request represents the minimum acceptable fund level for the Bureau in 1990.

The Immigration and Naturalization Service request for 1990 is \$866 million, an increase of \$44 million over the 1989 budget authority. With the OCDE initiative, the increase would be \$8

million more. The request includes 130 positions and \$9.3 million to staff two new detention facilities for criminal aliens (Oakdale II in Louisiana and San Pedro, California) and 24 positions and \$1.4 million to staff a new advanced in-service training facility in Artesia, New Mexico that was acquired by the Federal Law Enforcement Training Center. The remainder of the net changes fund mandatory cost increases which are partially offset by proposed reductions to programs that have shown considerable increases in productivity and efficiency in the last few years as well as the transfer of various functions. In 1990, INS programs will be commensurate to 1988 levels.

LEGAL ACTIVITIES

The litigative and other legal work in the Department is conducted by the staff supported from three salaries and expenses appropriations - U.S. Attorneys, General Legal Activities, and the Antitrust Division. The Fees and Expenses of Witnesses appropriation provides the resources necessary to pay expenses for others who appear in cases on behalf of the Federal Government.

U.S. ATTORNEYS

The U.S. Attorneys are the largest and most visible component of our legal arsenal. The supplemental appropriations provided by the recent Anti-Drug Abuse Act will enable the U.S. Attorneys to add in 1989 an additional \$39 million in direct appropriations and another \$30 million that is in the process of being transferred from the Assets Forfeiture Fund. A total of

\$22 million of this increase will be used to increase revenues through asset forfeiture and civil enforcement actions. Thus, in 1989 the U.S. Attorneys received budget authority totalling over \$460.2 million, about \$36 million more than our initial request.

In 1990, the Administration will request \$476 million, including pending amendments, for the U.S. Attorneys, an increase of \$15.8 million over the amount thus far made available in 1989. The total increase in resources would be \$61.6 million if the \$45.8 million identified in the OCDE Task Force budget for reimbursement to the U.S. Attorneys is taken into account. An increase of \$5 million is earmarked for specific debt collection functions. Most of the remaining increase is designated to annualize program increases provided in 1989, but there are also additional resources requested to support office automation efforts. Furthermore, prosecution of financial institution fraud cases will require an amendment for an additional 256 positions and \$21.7 million.

GENERAL LEGAL ACTIVITIES

The various legal divisions and other components funded from the General Legal Activities appropriation are requesting \$298.6 million in 1990, about \$53.8 million more than was provided in 1989. Over the last several years, this appropriation has been funded below the President's request level despite the increasing responsibilities that have been thrust upon its components. The continuation of our myriad litigation programs at current levels will consume much of the requested increase. The program

increases being sought for the Department's litigating components are targeted at important revenue recovery initiatives and significant workload increases resulting from recent legislative changes. One of the newest initiatives involves the serious fraud and insider abuse affecting many of the nation's financial institutions. Within the Criminal and Tax Divisions we are requesting 50 positions and \$3.3 million in 1990. In addition, the Tax Division requires 31 positions and \$1.3 million to implement a major case initiative in conjunction with the Internal Revenue Service, and to expand debt collection activities. The Civil Division request for 71 new positions and \$3.3 million is to address critical litigation in the Court of Appeals, to defend the interests of the Government in toxic tort and radiation claims, to address expanding consumer litigation, and to handle contract claims and fraud cases. This Division also requires additional resources to handle a growing number of claims arising from the National Childhood Vaccine Act. The Criminal Division requires an increase of 5 positions and \$248,000 to deal with increasing demands in foreign extradition and legal assistance matters, and to support obscenity investigations and litigation. Faced with expanding workload as a result of major environmental legislation, the Land and Natural Resources Division needs 49 positions and \$1.9 million. These resources will allow the Division to aggressively enforce new and expanded criminal sanctions contained in recent reauthorizations of the Clean Water Act and the Safe Drinking Water Act; address

increased civil litigation referrals from the Environmental Protection Agency; defend the Government against claims involving Federal facility compliance with environmental regulations; and address judicial review workload under the National Forest Management Act.

AUTOMATED TECHNOLOGY

Within the General Legal Activities appropriation there are two major ongoing automation activities that must be accelerated to make our work more efficient. Legal activities office automation, a separate activity in the General Legal Activities appropriation, has a \$7.4 million increase request over current year funding to enhance funding for an integrated office automation system in the litigating organizations. Automated litigation support is the other major technological initiative. In 1990, increases totalling \$11.0 million are contained in the requests of the Civil and Land and Natural Resources Divisions. Automated litigation support, a records management system for storage and retrieval of case related documents, is particularly necessary in complex cases because thousands, and sometimes millions, of relevant documents must be quickly identified while preparing cases and bringing them to trial.

JAPANESE INTERNMENT

On August 10, 1988, the President signed Public Law 100-383 to implement the recommendations of the Commission on Wartime Relocation and Internment of Civilians during World War II. Title I of the Act requires the Attorney General to identify and

locate the estimated 60,000 Japanese Americans who were still living on the date the public law was signed and make a one time payment of \$20,000 to each eligible person.

The Civil Rights Division is responsible for identifying interned persons of Japanese ancestry and administering the program. A 1989 supplemental request for \$2.1 million to support 25 positions for General Legal Activities is proposed to staff the program. In 1990, \$1.0 million to fund 40 additional positions is needed.

Payments to persons determined entitled to benefits will be made from a newly established Civil Liberties Public Education Fund as appropriations allow. The request for 1990 is \$20 million. The Civil Rights Division's Office of Redress Administration will be prepared to begin benefit payments in 1990 after eligible persons have been identified and ranked in descending order of age.

ANTITRUST DIVISION

The \$47.2 million request for the Antitrust Division reflects a small decrease for contracting out efforts, but is otherwise a current services budget. The Division continues to give priority to antitrust enforcement in the area of white collar crime, such as price fixing and bid rigging, with special emphasis on government procurement. In reviewing mergers, the Division applies increasingly sophisticated economic analysis and fully takes into account international competition and the realities of world marketplaces. The budget request includes a

legislative proposal that would have the Antitrust Division assume the responsibilities of the Interstate Commerce Commission for reviewing rail related mergers, consolidations, and acquisitions, a function that is estimated to cost almost \$1.5 million.

UNITED STATES MARSHALS SERVICE

The Department has three accounts managed by the Marshals Service, the regular Salaries and expenses appropriation, the Support of U.S. Prisoners, and the Assets Forfeiture Fund. The work of the Marshals Service is seldom glamorous, but it is a vital part of the justice system. As you may be aware, the Marshals Service is celebrating its 200th Anniversary this year.

The \$228.8 million request for the Salaries and expenses appropriation is focused on providing new positions for the judicial security area and for handling an ever expanding workload caused mainly by the increasing complexity of the criminal justice process. The increased period of detention occurring before and during trials and the increased cost of housing Federal prisoners in State and local jails make it necessary for us to request \$147 million for the Support of U.S. Prisoners appropriation. The \$43.4 million program increase requested for this appropriation includes \$15.0 million for the Cooperative Agreement Program under which the Federal Government assists in the renovation and construction of State and local jails near Federal court houses in exchange for guaranteed bedspace.

I might note that the Supreme Court's recent decision upholding the U.S. Sentencing Commission Guidelines will lengthen the time between prisoner conviction and sentencing which will result in an increase in the number of unsentenced prisoner days spent in local jails. Thus, that decision will affect the funding requirement of these two appropriation accounts and argues strongly for the President's request.

ASSETS FORFEITURE FUND

Although the Marshals Service is the day-to-day manager of the Assets Forfeiture Fund, this is a complex self-financing account into which the proceeds or sales of forfeited property are deposited. Over the past several years, the proceeds have been distributed to the components of the Department involved in the seizure and management of the assets, to participating State and local governments, and to the Federal Prison System for prison construction. Also, for 1989, the United States Attorneys will receive an additional \$30 million from the Fund. Under the terms of the Anti-Drug Abuse Act of 1988, we estimate that \$136 million in proceeds will be transferred at the end of 1990 to a Special Forfeiture Fund for use by the Director for National Drug Control Policy in accordance with the priorities articulated in the National Drug Control Strategy.

In the 1989 budget cycle, the Congress expended considerable effort to remove most of the mandatory expenses of the Fund from the appropriations allocation controls, an effort that allowed the Committees on Appropriations to increase funding for other

vital programs. New legislation applicable to 1990 makes the process for allocating resources more complex, but we believe much progress has been made in resolving the appropriations allocation problem to the satisfaction of both the Administration and the Congress. I urge this and other Committees of Congress to resist further efforts to tap into seized asset receipts for purposes not currently authorized by law.

U.S. TRUSTEES SYSTEM FUND

Before moving to the Federal Prison System, I would like to make a few comments about a growing program that is totally self-financing but, under current law, has all of its expenses charged against the allocation to the Committees on Appropriations. This is the United States Trustees System Fund, an operating program that supervises the administration of bankruptcy cases in the Federal Bankruptcy Courts. What was once a small program operating in only selected judicial districts, was expanded to provide essentially nationwide services by the Bankruptcy Judges, U.S. Trustees, and Family Farmer Bankruptcy Act of 1986. In 1988 and 1989, the Congress set a \$47.4 million ceiling on expenditures for the program, an amount that allowed for orderly expansion; but in 1990 it is difficult to see how a nationwide program can be operated unless we are permitted to spend \$62.8 million from the amounts we expect to collect, as well as using some of the balances brought forward from prior years, particularly since this program is conducted at no expense to the Federal Government.

CORRECTIONS

Overcrowding in the Federal Prison System has been of increasing concern as the Federal courts sentence more and more prisoners to longer terms. During the 1989 budget process, Congress recognized that increased resources must be applied to prison construction and the operation of correctional institutions. We appreciate the attention given to this priority. Unfortunately, the overcrowding problem is not abating despite the activation of several new facilities.

The Buildings and facilities request for 1990 is for \$401.3 million or \$13.2 million more than the sum of the 1989 appropriation of \$299.3 million and the \$88.8 million we plan to transfer from the Assets Forfeiture Fund at the end of 1989. With the resources and leasing authority requested in 1990 for new construction, we would be able to provide 6,845 additional beds for sentenced inmates and increase the Federal Prison System's detention capacity for unsentenced prisoners by 1,000 beds. Two new complexes proposed to be located in the Northeast and West would each accommodate 1,960 inmates at a total cost of \$231.1 million. Another \$58 million would be used to construct a 700-bed detention center in Miami. Expansion of existing institutions would provide 1,015 beds at a cost of \$41.8 million, and we believe that we can provide further additional bedspace by acquiring surplus facilities that can be converted to minimum security camps. Finally, with the necessary authority, we believe we will be able to provide additional bedspace for 1,160

inmates by leasing two Federal Correctional Institutions. The leasing arrangement is important to us because the initial budget authority and outlay requirements are significantly less than direct construction projects.

As we move forward with our construction projects we must prepare them for occupancy, staff them, and move in prisoners. Last year, when the Attorney General was before this Committee, there were approximately 44,000 prisoners in Federal institutions. Today there are around 46,800. For 1990, the average daily population projection is 56,400. In addition, approximately 7,500 sentenced prisoners will be housed in contract facilities, principally community treatment centers.

The 1990 budget request for the administration, operation, and maintenance of Federal correctional institutions is about \$1.15 billion, or \$200 million more than was provided in 1989. The largest program component of this increase is the request for \$45.4 million to activate new institutions that will be ready for occupancy in 1990. With this funding, 634 positions will be added to manage an additional 2,680 bedspaces. The next largest increase, \$24.5 million, is necessary for the expenses associated with the feeding, health, and other expenses associated with an increased inmate population. Another \$22.5 million to fund 1,500 positions is requested to support the expansion of staff at existing overcrowded institutions, and almost \$11 million more is needed to replace equipment and inventory destroyed during the Mariel Cuban riots. There are a number of other smaller

increases that are indirectly related to the ever expanding prison population and the costs necessary to contain it.

OFFICE OF JUSTICE PROGRAMS

The most significant change that President Bush made to President Reagan's budget is his endorsement of a \$150 million drug grant program for the Office of Justice Programs. With this amendment, the total request for the Justice Assistance appropriation increases from \$96.3 million to \$246.3 million.

When the President addressed the Congress on February 9, he announced a multifaceted war on drugs. I join him in the belief that it is important to stimulate State and local governments to develop and carry out specific programs which offer a high probability of improving the criminal justice system. We are fortunate that the Anti-Drug Abuse Acts of 1986 and 1988 have provided us with the necessary authorizing legislation. Sufficient funding has been provided previously so that we are confident that we can successfully build on our previous experience to develop and support a national drug control policy within the context of the Unified Grant Program authorized in the 1988 Act.

There is a legislative mandate that 80 percent of the additional funds, or \$120 million, must be distributed as formula grants to the States and that the remaining \$30 million be used for discretionary grants. Existing legislation requires that the States must not reduce existing anti-drug efforts and that they provide a 50 percent match to Federal formula grants. With the

combination of formula and discretionary grants I hope that at least 30 percent of the additional funding can be applied to demand reduction programs.

President Bush's new budget initiatives provide us other good news. Instead of having only \$90 million available for the Crime Victims Fund, as we originally estimated, we are now certain that we will reach the statutory limit of \$125 million because of a large increase in projected criminal fine collections.

Although, the Office of Justice Programs budget has been significantly modified by the initiatives of the new Administration, there are an array of other activities in the earlier proposal that we must continue to support. For example, law enforcement research and statistical programs are most beneficial to the criminal justice system if they are conducted at the Federal level. A program increase of \$2,000,000 is proposed for the National Institute of Justice to develop less than lethal weapons that can be effectively used in police work. For the Bureau of Justice Statistics program increases totalling \$1,417,000 are requested to implement the redesign of the National Crime Survey, to conduct a nationwide census of jails and inmate characteristics, and to collect more comprehensive data on how Federal cases are handled from prosecution through corrections. The budget proposes to continue the Missing Children's program at a slightly enhanced level. The death benefits for public safety officers that were more than doubled

by the most recent Anti-Drug Abuse Act are funded in both 1989 and 1990 at a level that should fulfill the entitlement requirements. Administrative services are provided to support the requested programs and to provide for the orderly phaseout for several grant programs that we believe have a relatively low Federal priority or can be funded by the States with their own resources.

OFFICE OF INSPECTOR GENERAL

The budget request includes a new appropriation for an Office of Inspector General in response to the Inspector General Amendments of 1988 contained in P.L. 100-504. Under this Act, the Department is directed to establish the new Office by transferring positions and related resources from five other Departmental components that maintain audit and related investigation functions. Accordingly, the Department will transfer 276 positions and approximately \$9 million in 1989 to fund the Office and make it operational for about half of fiscal year 1989. In 1990, the full year cost of maintaining the transferred functions will be \$18.9 million. To further strengthen the function and effectively manage the merged resources, we are asking for 14 additional positions and \$532,000 in 1990.

Soon after I assumed office, it was apparent that there was overwhelming support in Congress for legislation that would establish an Inspector General for the Department of Justice. The compromise language that we negotiated with the Congress

dealt effectively with our concern over the protection of certain extremely sensitive matters and allowed us to maintain our Office of Professional Responsibility -- a small office that has functioned with great integrity in circumstances that have, at times, been very difficult.

GENERAL ADMINISTRATION

The last appropriation that I will address in any detail is General Administration. The \$99.3 million dollar request is about \$11 million more than last year's appropriation but it contains almost no new resources to expand routine administrative costs associated with the control and provision of services to an expanding Department. Indeed, I have already taken steps to reduce overhead costs and place more resources at the front line of operations. Budgetary pressures forced me to make these kinds of decisions when I was Governor of Pennsylvania and I plan to apply many of the same approaches in the Department.

The increases that we are proposing involve several programs that are more operational than administrative but which have for various reasons been funded through the General Administration appropriation. The largest overall increase is for the Executive Office for Immigration Review, an Office that has had its work expand steadily since the passage of the Immigration Reform and Control Act of 1986.

Debt collection, which I will deal with separately, will require an additional \$3.5 million. Another 6 positions and \$500,000 is requested by the Administration to support a national

study on catastrophic nuclear accidents. Program increases are offset in part by the transfer out of 65 positions, \$3.4 million for financial operations and the transfer in of 1 position and \$80,000 for the national security program in the Justice Management Division. A complex series of mandatory increases, annualization of functional transfers for the Office of the Inspector General, and savings resulting from contracts with the private sector comprise the remaining changes.

DEBT COLLECTION

In our Justice Management Division we are requesting 13 positions and \$3.5 million to enhance the work of a small unit that runs a pilot project to test the effectiveness of using private sector debt collection lawyers and a modern computer system to collect delinquent non-tax debts from deadbeats who resist reasonable requests from Government agencies to pay their debts and must be sued before living up to their financial responsibilities. This is one of the Administration's initiatives to implement the Federal Debt Recovery Act. We believe that this project, which features a central control over our docket of debts and their collection, shows great promise.

While the United States Attorneys are at the front line of our debt collection efforts, other priorities, such as drug prosecution, have left us with few new resources to expand debt collection efforts. Near its very end, the 100th Congress recognized a specific collection problem by earmarking additional resources for the U.S. Attorneys to accelerate asset forfeiture

and civil enforcement actions leading to the forfeiture of seized assets. This was commendable, but there is a need for a much more aggressive debt collection position by the Federal Government. I am proud that the Department was able to collect over \$479 million in cash in 1988 for delinquent civil debts, judgments, penalties, and criminal fines, and during the first quarter of 1989 we have collected another \$182 million, an amount that is far above the amount collected in any comparable period. Despite the strides we are making, it is distressing that so many debts remain unpaid for years and that unpaid criminal fines are increasing.

OTHER CHANGES

There are a number of components that are relatively small that I should mention. The Parole Commission and the Foreign Claims Settlement Commission are autonomous from the Department in budgetary decisionmaking, but the reduced workload of both these organizations explain why the Administration's request for 1990 is less than the amount provided in 1989. The Community Relations Service, a small organization charged with the responsibility for the resolution of community disputes and the resettlement and care of certain Cuban and Haitian entrants, will maintain its existing program. Finally, the National Institute of Corrections, a component of the Federal Prison System, will continue to provide leadership in improving State and local correctional programs at the current services level.

CONCLUSION

The budget proposed by the Administration represents a careful allocation of Federal resources crafted to obtain a smoothly functioning system of justice designed to focus on high priority areas and to stimulate Federal, State, and local law enforcement efforts in those areas that promise to be most productive.

I would like to thank the Committee for this opportunity to meet with you and present the views of the Department of Justice.