



UNITED STATES DEPARTMENT OF EDUCATION  
OFFICE OF INSPECTOR GENERAL

THE INSPECTOR GENERAL

ACN S03-C0002

Office of Inspector General's Independent Report on the U.S. Department of Education's Detailed Accounting of Fiscal Year 2001 Drug Control Funds, dated January 28, 2002.

We have reviewed the accompanying Accounting, titled *U.S. Department of Education's Detailed Accounting of Fiscal Year 2001 Drug Control Funds* and dated January 28, 2002 (the Accounting), and management's assertions contained therein. The Accounting and the assertions contained therein are the responsibility of the U.S. Department of Education's management.

Our review was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. A review is substantially less in scope than an examination, the objective of which is the expression of an opinion on the Accounting and the assertions contained therein. Accordingly, we do not express such an opinion.

We performed review procedures on the "Resource Summary," "Disclosures" and "Assertions" contained in the accompanying Accounting. We did not review the "Program Descriptions" contained in the accompanying Accounting. In general, our review procedures were limited to inquiries and analytical procedures appropriate for our review engagement.

As we had noted in our fiscal year 2000 report, the U.S. Department of Education (the Department) relies upon estimates and assumptions to arrive at obligations of drug control funds. In the current Accounting's "Other Disclosures" (page 5), the Department states, "The budgetary resources in this report include 100 percent of obligations for the SDFSC [Safe and Drug-Free Schools and Communities] State Grants program and nearly all of the budgetary resources for the SDFSC National Programs. SDFSC supports drug prevention activities as well as violence prevention and school safety activities. With the exception of \$13.9 million in fiscal year 2001 SDFSC National Programs funds, the Department does not currently have data or any other means by which to identify or estimate the amount of funds under SDFSC State Grants or National Programs that support drug prevention exclusive of the funds that support violence prevention and school safety with no drug-control-related nexus."

Based on our review, nothing came to our attention that caused us to believe that the accompanying Accounting, and management's assertions contained therein, are not fairly stated in all material respects based on the Office of National Drug Control Policy Circular: *Annual Accounting of Drug Control Funds*, dated December 17, 1999.

This report is intended solely for the information and use of the Office of National Drug Control Policy and U.S. Department of Education, and is not intended to be and should not be used by anyone other than these specified parties.

  
for Lorraine Lewis

January 30, 2002

# DEPARTMENT OF EDUCATION



## DETAILED ACCOUNTING OF FISCAL YEAR 2001 DRUG CONTROL FUNDS

IN SUPPORT OF THE  
*NATIONAL DRUG CONTROL STRATEGY*

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

JANUARY 28, 2002

**DEPARTMENT OF EDUCATION**  
**DETAILED ACCOUNTING OF FISCAL YEAR 2001 DRUG CONTROL FUNDS**

TABLE OF CONTENTS

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



UNITED STATES DEPARTMENT OF EDUCATION

OFFICE OF THE DEPUTY SECRETARY

JAN 28 2002

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

Dear Ms. Lewis:

As required by Section 1704(d) of Title 21 United States Code, enclosed please find a detailed accounting of all fiscal year 2001 Department of Education drug control funds for your authentication, in accordance with the guidelines in Office of National Drug Control Policy (ONDCP) Circular *Annual Accounting of Drug Control Funds*, dated December 17, 1999.

Consistent with the instructions in the ONDCP Circular, please provide your authentication to me in writing, and I will transmit it to ONDCP along with the enclosed accounting of funds. As you know, ONDCP requests these documents by February 1, 2002, if possible. Please do not hesitate to contact me if you have any questions about the enclosed information.

Sincerely,

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

Thomas P. Skelly  
Director, Budget Service

## RESOURCE SUMMARY

	Fiscal Year 2001 Obligations (in \$ millions)
Drug Resources by Goal	
Goal 1	\$631.719
Total	631.719
Drug Resources by Function	
Prevention	631.719
Total	631.719
Drug Resources by Decision Unit	
Office of Elementary and Secondary Education	
Safe and Drug-Free Schools and Communities	
-SDFSC State Grants	436.878 <sup>1</sup>
-SDFSC National Programs	190.856
Subtotal, OESE	627.734
Program Administration	3.985
Total	631.719

<sup>1</sup> Includes \$0.535 million in deobligations (recoveries) of funds that were originally obligated in fiscal year 2000. Of this amount, \$0.232 million was reobligated in October 2001 of fiscal year 2002; the remaining \$0.303 million is pending reobligation in fiscal year 2002.

## PROGRAM DESCRIPTIONS

The programs funded under the Safe and Drug-Free Schools and Communities (SDFSC) Act comprise the only Department of Education programs included in the national drug control budget. The SDFSC program is administered by the Department's Office of Elementary and Secondary Education (OESE) and provides funding for research-based approaches to drug and violence prevention that support the *National Drug Control Strategy*. Safe and Drug-Free Schools and Communities is the Federal Government's largest drug prevention program, and the only Federal program that provides direct support to schools for efforts designed to prevent school violence.

The SDFSC Act was recently reauthorized as part of the No Child Left Behind Act education reform bill (H.R.1) that President Bush signed into law on January 8, 2002. While there are some changes to the SDFSC program under the new law, the changes take effect beginning with the obligation of fiscal year 2002 funds, and do not affect the fiscal year 2001 obligations of funds under the program. Therefore the program descriptions, disclosures, and assertions in this report are based on the program as the SDFSC Act was in effect during fiscal year 2001.

Under the SDFSC Act, funds are appropriated directly for State Grants and for National Programs. Under the SDFSC Act as it was in effect during fiscal year 2001, State Grant funds were allocated to States and Territories, half on the basis of school-aged population and half on the basis of State shares of Federal "Education for the Disadvantaged" funding for the previous year under Title I of the Elementary and Secondary Education Act. Governors received 20 percent, and State educational agencies (SEAs) 80 percent, of each State's allocation. SEAs were required to subgrant at least 91 percent of their allocations to local educational

agencies (LEAs); these subgrants were based on enrollment (70 percent) and high need (30 percent). SEAs determined the criteria for selecting high-need LEAs and were required to target their high-need funds on no more than 10 percent or 5 of their LEAs, whichever was greater.

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

SDFSC National Programs is a broad discretionary authority that permits the Secretary to carry out, in accordance with national needs, programs designed to promote drug-free, safe, and orderly learning environments for students at all educational levels, from preschool through the postsecondary level. In fiscal year 2001 these programs included, for example, supporting local educational agencies and communities in developing and implementing comprehensive programs to create safe, disciplined, and drug-free learning environments and promote healthy childhood development; recruiting, hiring, and training program coordinators to assist school districts in implementing high-quality, effective, research-based drug and violence prevention programs; demonstration projects; developing and disseminating drug and violence prevention and education materials and information; programs for students who have been suspended or expelled from their regular education program, and services and activities to reduce the need for suspension and expulsion in maintaining classroom order and discipline; financial and technical assistance to institutions of higher education for model drug prevention and campus safety programs for students attending such institutions; and evaluations of the effectiveness of drug and violence prevention programs. These programs are often carried out jointly with other Federal agencies.

## **DISCLOSURES**

### **Drug Methodology**

#### **Program Funds**

For purposes of scoring the Department's drug control budget, this accounting submission includes 100 percent of Safe and Drug-Free Schools and Communities State Grants and all but \$13.9 million of SDFSC National Programs funds obligated in fiscal year 2001. This estimation is based on the following assumptions and facts: (1) a variety of violence prevention activities funded under the SDFSC Act can significantly support drug prevention; (2) most SDFSC funds support activities that jointly address drug prevention and violence prevention, or for which grantees have the flexibility to allocate their resources between drug prevention and violence prevention; and (3) the Department cannot identify the amount of all SDFSC funds that support

drug prevention, exclusive of the funds that support school safety and violence prevention efforts that reasonably have no drug control-related nexus. The \$13.9 million in National Programs funds that are excluded from the Department's drug control budget represent those obligations for specific SDFSC activities the Department can identify that exclusively support school safety and violence prevention efforts and that reasonably have no drug control-related nexus.

### Program Administration Funds

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

The Department estimates that 32 full-time-equivalent (FTE) staff perform the above administrative functions for the SDFSC program under Goal 1 of the *National Drug Control Strategy*. This is based on 30 FTE staff assigned directly to the Safe and Drug-Free Schools program (organizational code ESN) in the Office of Elementary and Secondary Education (OESE), plus 2 additional FTE staff throughout the Department who also provide administrative support for these programs. The 2001 obligations of program administration costs corresponding to these 32 FTE are estimated to be \$3,985,000. This estimate is based on the following methodology:

- Pay for Safe and Drug-Free Staff/FTE (\$2,504,000). Derived from actual FY 2001 obligations in the Department's accounting system showing personnel compensation and benefits costs for organization ESN including overtime and awards.
- Pay for Other FTE (\$175,000). Derived from calculations using FY 2001 average salary for the OESE, excluding the costs for Safe and Drug-Free FTE, multiplied by the FTE associated with portions of staff time (FTE) of a number of other OESE and Department staff.
- Non-pay for Safe and Drug-Free Staff/FTE (\$25,000). Derived from actual FY 2001 obligations in the Department's accounting system for travel, contracts, and supplies.
- Non-pay for Other FTE (\$30,000). Derived from calculations using OESE total non-pay, minus Safe and Drug-Free non-pay, divided by number of FTE (excluding Safe and Drug-Free FTE) for a "per FTE" cost, multiplied by other OESE and Department FTE.
- Non-pay for Department Overhead Costs (\$1,251,000). Derived from calculations combining all Department overhead costs for rent, phones, ADP equipment, network operations, etc. in the Program Administration account divided by the FTE usage attributable to the Program Administration account for a "per FTE" cost for overhead expenses, multiplied by total OESE Safe and Drug-Free and other FTE.

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

### **Methodological Modifications**

The Department has not made any modifications since fiscal year 2000 in the methodology used for estimating its drug control budgetary resources.

### **Material Weaknesses or Other Findings**

The Department does not have any material weaknesses to disclose that affect the presentation of fiscal year 2001 drug-related obligations in this report. All other known weaknesses that affect the presentation of drug-related obligations in this report are explained in the drug methodology description above, and in the disclosures below.

### **Reprogrammings or Transfers**

There were no reprogrammings or transfers of drug-related budgetary resources in the Department of Education in fiscal year 2001.

### **Other Disclosures**

The Department acknowledges that the methodology described above is imprecise for identifying fiscal year 2001 obligations of drug control funds, because the methodology is based in part on estimates and assumptions. While it is based on management's best estimates and assumptions, actual obligations and expenditures may differ. Most significant among these estimates and assumptions are the following:

- The budgetary resources in this report include 100 percent of obligations for the SDFSC State Grants program and nearly all of the budgetary resources for the SDFSC National Programs. SDFSC supports drug prevention activities as well as violence prevention and school safety activities. With the exception of \$13.9 million in fiscal year 2001 SDFSC National Programs funds, the Department does not currently have data or any other means by which to identify or estimate the amount of funds under SDFSC State Grants or National Programs that support drug prevention exclusive of the funds that support violence prevention and school safety with no drug-control-related nexus. To collect such data would be prohibitively expensive for the Department and impose significant new burdens on program grantees. Furthermore, collecting such data would require the Department and, in turn, SDFSC grantees, to make many arbitrary judgments about whether or not the many varied activities funded constitute drug prevention or are at least significantly drug-related. Consequently the data, if collected, would be of questionable quality, and the expense and burden to collect the data could not be justified.
- It should also be noted that a small portion of the Safe and Drug-Free Schools and Communities funds included in the resource summary of this report (approximately \$7 million, or 1.1 percent of total fiscal year 2001 SDFSC reported drug control obligations) supports alcohol and other drug prevention programs for students enrolled in institutions of higher education. For college students served by such programs who are

21 years of age or older, alcohol is a legal drug and the alcohol prevention component of the program falls outside the scope of the *National Drug Control Strategy*. However, the Department does not have data or any other means by which to estimate for exclusion from the Department's drug control obligations the amount of funds under these programs that support alcohol prevention for legal age students.

- The estimates of program administration costs associated with the staff who administer the Department's drug control programs are based – in part – on average administrative costs per full-time-equivalent (FTE) staff, rather than based entirely on the administrative costs of individual staff who are assigned to those programs. The reasons for this are: (1) not all of the staff assigned to these programs are assigned to them on a full-time basis, and the FTE figures are themselves partly estimated by management based on workload; and (2) the Department's accounting system does not track obligations for individual staff time devoted to specific activities or functions.

## **ASSERTIONS**

### **Drug Methodology**

The methodology used to calculate the fiscal year 2001 obligations of drug control funds presented in this report is reasonably accurate, based on the following ONDCP criteria.

#### **Data**

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

#### **Other Estimation Methods**

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

#### **Completeness**

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

#### **Financial Systems**

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

### **Application of Methodology**

The methodology disclosed in the narrative of this report was, indeed, the actual methodology used to generate the fiscal year 2001 obligations of drug control funds presented in the resource summary table on page 2.

### **Financial Plan – Including Reprogrammings or Transfers**

There were no reprogrammings or transfers of Department of Education drug control funds in fiscal year 2001; therefore, the required assertion that the data presented in this report properly reflect changes in drug control budgetary resources resulting from reprogrammings or transfers of funds is not applicable.