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OFFICE OF DRUG CONTROL POLICY
GARY W. KENDELL, DIRECTOR

Senate Finance Committee Hearing

“Breaking the Methamphetamine Supply Chain: Meeting Challenges at the Border”

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Des Moines, Iowa

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Mr. Chairman Baucus, Mr. Ranking Member Grassley and members of the Committee, I am so very pleased to appear before you today on behalf of the State of Iowa to speak with you about how methamphetamine is continuing to affect the State of Iowa and so many of our communities.

I am the Director of the Iowa Governor’s Office of Drug Control Policy. The primary function of my office is to coordinate all statewide substance abuse prevention and treatment programs and drug enforcement programs. I also act as the State Administering Agency for the Justice funding that comes to Iowa from the federal government as well as for a number of other small funding streams. Prior to my appointment I was an elected county attorney, in Warren County, Iowa, a county of approximately 40,000 people that shares a border with Des Moines and is part of the Des Moines metropolitan area. Prior to that, I was an assistant county attorney in the Drug and Gang Unit of the Polk County Attorney’s Office which is the county where Des Moines is located. Before Polk County, I was a Byrne-JAG funded prosecutor for the Warren and Marion County Drug Task Force. I have spent over ten years prosecuting primarily drug

offenses. I have worked in urban, suburban and rural court systems and communities in Iowa and I am well acquainted with the varying challenges of each setting.

WHERE WE HAVE BEEN:

It was in the early 1990s when methamphetamine really took off in Iowa. The domestic production of methamphetamine steadily increased, with the primary method of production being the ammonia-lithium reduction method. The number of methamphetamine labs seized by law enforcement reached its peak in Iowa in 2004 with an average of 125 methamphetamine labs seized each month. Even with this huge number of methamphetamine labs producing methamphetamine in the State, 80 – 85% of the methamphetamine in the State was being brought in by drug trafficking organizations from the southwestern United States and Mexico.

In 2004, new drug-related prison admissions were at a record high. In addition, the percentage of Iowa adults admitted to treatment with methamphetamine as their primary drug of abuse was at an all-time high of 14.6%.

With the passage of pseudoephedrine controls, first on the state level and then on the federal level with the Combat Methamphetamine Epidemic Act, the fever finally broke with regard to domestic production of methamphetamine in Iowa. In 2005, the monthly average decreased to 64 methamphetamine labs seized each month. In 2006, the month average decreased to 29 methamphetamine labs seized each month. The decline continues in 2007, with a year to date average of 12 methamphetamine labs seized each month.

This nearly 90% reduction in methamphetamine labs seized annually by law enforcement has truly been something to celebrate and be thankful for in Iowa.

WHERE WE ARE CURRENTLY:

In State FY2007, the total estimated federal and state funding in Iowa for substance abuse prevention and treatment and drug enforcement programming is approximately \$17,834,362 for prevention; \$49,333,375 for treatment; and \$35,879,174 for enforcement and adjudication.

These numbers do not include local funds expended or federal funds provided directly to local communities. This level of funding leaves us woefully short of meeting the needs in any of the areas concerned, i.e., enforcement, corrections, treatment and prevention.

As I previously mentioned, the number of methamphetamine labs seized by law enforcement in 2007 through August 31, is at an average of 12 labs per month, an almost 90% reduction from its peak in 2004. We have had significant reductions in the number of methamphetamine related child abuse and endangerment cases, as well as the amount of public money spent on methamphetamine related burn cases at the University of Iowa Hospital Burn Unit. It is also important to note the almost incalculable benefit from the reduced damage to the environment caused by these methamphetamine labs – keeping in mind that for every pound of methamphetamine produced there is 5-7 pounds of hazardous waste produced as well.

We have seen a slight (approximately 1% from 2004 to 2006) decline in the percentage of Iowa adults admitted to treatment with methamphetamine as their primary drug of abuse. Similarly, our new drug-related prison admissions have declined by approximately 180 individuals from 2004 to 2007. According to the Substance Abuse & Mental Health Services Administration (SAMHSA), Iowa ranks 3rd in the United States in treatment admissions for methamphetamine per 100,000 population. In addition, Iowa ranks 8th in the United States in the overall number of people admitted to treatment for methamphetamine.

Law enforcement in Iowa is still seizing an average of 12 methamphetamine labs a month and in my opinion that is still too many. We continue to pursue additional measures to help further reduce the occurrence of methamphetamine labs. Earlier this year, with congressionally directed funding, we successfully completed a program where we locked up the anhydrous ammonia tanks in all 99 Iowa counties. Scientists at Iowa State University in Ames, Iowa, developed a chemical lock using calcium nitrate, which when added to anhydrous ammonia, renders it basically useless in the production of methamphetamine (it reduces the yield to

approximately 2 – 3%). We are in the process of trying to identify funding to help us achieve widespread implementation of this valuable tool. Finally, we are working on the state level to obtain passage of legislation that would allow us to implement a real-time electronic tracking system for pseudoephedrine sales, to address the loopholes that exist in the current law that has led to the practice of “smurfing”, where offenders go from store to store buying their limit of pseudoephedrine at each store until they obtain a sufficient quantity to make their “cook.”

In addition, due to the reduction in domestic production, we are now looking at the fact that approximately 90 – 95% of the methamphetamine in Iowa is being brought into the State from the southwestern United States and Mexico. In 2007, almost all of the methamphetamine in Iowa is crystal methamphetamine or “ice” and the trafficking organizations have stepped up their supply to meet the demand created by the crackdown on domestic labs. The “ice” being seized in Iowa is averaging approximately 42% purity with some large seizures in the 90+% range. In Des Moines, Iowa, (2006 estimated population – 534,230), an ounce of “ice” is selling for approximately \$1,200 and in Fort Dodge, Iowa, (2006 estimated population – 25,466), an ounce of “ice” is selling for approximately \$900.

With the passage of pseudoephedrine restrictions and the resulting decline in the numbers of methamphetamine labs, it was the hope of law enforcement in Iowa that we would be able to take those resources previously being used specifically for methamphetamine labs and redirect them to investigating and pursuing the drug trafficking organizations. Unfortunately, due to the cuts in federal funding, i.e., Byrne-JAG and COPS Program specifically, as well as the loss and subsequent reduction of congressionally directed funding, that has not been possible. At the very time when Iowa was poised to be able to take on the trafficking organizations full force, our federal funding used for drug enforcement has been reduced to such a level that we have had to make cuts to our programs and now are doing everything we can to avoid having to make even further cuts.

I am so thankful for the efforts of the Senate and the House of Representatives to fund programs to state and local law enforcement and drug enforcement specifically. I know many of you recognize the importance of these programs and do everything within your power to fund these programs at the highest level possible. It is my opinion that the position of the current presidential administration with its attempts year after year to “zero out” programs like Byrne-JAG in the federal budget is misguided. These funding streams are vital to drug enforcement efforts on the state and local level, which directly impact drug enforcement efforts on the federal level. I want to take this opportunity to encourage you to fully fund the Byrne-JAG Program and COPS Program at their authorized levels.

Iowa is an excellent example of exactly how vital federal funding is to the state and local drug enforcement efforts, and in turn, the federal drug enforcement efforts. A large percentage of the federal justice funding that is received by Iowa goes to support the multi-jurisdictional drug task force program in the State. My office, the Governor’s Office of Drug Control Policy is the State Administering Agency (SAA) for this funding stream. We distribute these funds through a competitive grant process. Funds are awarded to multi-jurisdictional and multi-agency drug task forces on an annual basis. We currently have 20 multi-jurisdictional task forces funded this year in Iowa with a combination of federal, state and local dollars. These task forces officially serve 67 of Iowa’s 99 counties, with unofficial coverage extending to even more counties. It is estimated that approximately 74% of cases opened by the Iowa Department of Public Safety Division of Narcotics Enforcement originated as investigations of a multi-jurisdictional drug task force. It is also a fact that the majority of cases opened by the Iowa Department of Public Safety Division of Narcotics Enforcement are adopted by a federal agency and prosecuted in federal court.

My purpose in discussing this is to illustrate the integral role that each level of enforcement has on the overall drug enforcement effort in the United States. Federal drug

enforcement would not be nearly as successful without the involvement and assistance of the state and local drug enforcement agents and vice versa. Similarly, while border-focused drug enforcement efforts are obviously important, drug enforcement efforts in the State of Iowa and every other state in the country are vital to the overall success of drug enforcement on the national level.

An excellent example of this is “Operation Ice Age”, which was recently made public by the United States Attorneys Office for the Southern District of Iowa. The case involved 4 federal drug trafficking indictments charging 22 individuals with drug trafficking and related offenses in Polk County, Iowa. These cases were made by state and local law enforcement agents and then adopted by the federal agencies for federal prosecution. Seventeen of the twenty-two defendants are subject to detainers by Immigration and Customs Enforcement (ICE) because they are Mexican nationals illegally in the United States. This case resulted in the seizure of approximately 20 pounds of methamphetamine, 4 handguns, an assault rifle, and approximately \$576,000 in United States currency. This is a major drug trafficking organization that is no longer operating in the Des Moines metropolitan area, only because of the cooperative efforts of the state, local and federal law enforcement agents working in the state of Iowa.

This case demonstrates the important role that state and local drug enforcement officials play in the larger drug enforcement effort on the national level. It also demonstrates the fact that we, in Iowa, are dealing with the similar types of “border” issues as the border states are when it comes to illegal drug trafficking and the source of illegal narcotics in Iowa. The fact of the matter is that regardless of the level of resources dedicated to border protection, there is always going to be some amount of illegal narcotics that makes it through the border and into the United States and it is because of this fact that we need to continue, and ideally increase, funding for non-border states like Iowa to help increase interdiction efforts and other activities targeting the drug trafficking organizations as they make their way across the country.

The drug enforcement effort is, and needs to be, a multi-pronged system involving active participation by federal, state and local law enforcement. It is also a multi-pronged system in the sense that it involves enforcement in our border states as well as the non-border states. Each of these levels of enforcement is important to the greater goal in its own way. One level, without the active participation of the other levels, will not be as successful.

Iowa is not currently seeing any methamphetamine coming into the state from the northern border of the United States. We know that the trafficking organizations are establishing their production and supply routes in Canada and are in fact, transporting controlled substances across the northern border, however, with the exception of some occasional marijuana from British Columbia “BC Bud”, the northern border is not the supply route for Iowa. The reason for this is simple, the drug trafficking organizations have such an established and ingrained distribution network in Iowa and other states in the Midwest and things are going so well for them at the current time, they don’t need to bring it in from the northern border. If Iowa and other Midwestern states ever do have sufficient resources to crackdown on the existing distribution network, then the trafficking organizations will, no doubt, adjust their operations and begin making use of the northern border networks that they are currently establishing.

It is important to remember, drug enforcement isn’t the only factor that affects this problem with which we are faced. Demand reduction is an extremely important aspect of this issue as well. I want to take this opportunity to encourage you to provide additional funding to state and local jurisdictions for treatment and prevention efforts. We are now starting to see some scientific study results that indicate that treatment can indeed work for methamphetamine addicts, provided that there are enough resources to provide the proper treatment for the length of time necessary. There is hope for recovery for methamphetamine addicts.

I commend the Office of National Drug Control Policy (ONDCP) for their recently launched public awareness media campaign regarding methamphetamine – it provides a message

of hope for methamphetamine addicts – that it is possible to quit and it is worth trying to quit. Iowa was selected as one of eight states where this awareness campaign will be run and we are very thankful for that assistance ONDCP is providing. We have 22 locally-based prevention organizations that serve Iowa’s 99 counties. They are all on shoestring budgets and do amazing things with the limited resources they have.

On the treatment front, due to lack of resources, we continue to be unable to serve all the individuals who are in need of drug treatment. However, we have some very successful treatment programs in Iowa, that we hope to replicate if the funding situation ever allows us to do so. One example of successful treatment occurring in Iowa is jail-based treatment. Iowa currently has jail based drug treatment programs at three jail facilities in Iowa. The results of these programs are impressive, both in success in treating individuals and in dollars saved as compared to incarceration. A second example of successful treatment occurring in Iowa is residential treatment facilities for offenders with co-occurring disorders. The 1st Judicial District Department of Correctional Services is running one such program in Waterloo, Iowa. They are addressing offenders’ mental health and substance abuse issues in their very successful program. This program was recently recognized by the National Criminal Justice Association as an outstanding criminal justice program and has received similar recognition in the past by the American Corrections Association. I believe it is important to note that both of these programs were started with and developed using Byrne-JAG money.

WHERE DO WE NEED TO GO FROM HERE:

Looking to the future, we will continue to pursue ways to further reduce our domestic production of methamphetamine, including real-time electronic tracking of pseudoephedrine purchases. In addition, we continue to be very concerned with the increasing amount of methamphetamine that is being brought into Iowa by the trafficking organizations from the southwestern United States and Mexico. One of the areas of great concern to us in this regard is

commercial trucking coming into the United States from Mexico. If funding and resources become available, we will expand our efforts in the area of interdiction and other tactics aimed at dismantling the drug trafficking organizations in Iowa. With what limited resources we have, we will continue to try to replicate successful programs across our state, including drug courts, jail-based treatment, co-occurring treatment opportunities, drug endangered children teams, state and local prevention efforts, multi-jurisdictional drug task forces and interdiction efforts, to name a few. We continue to try to identify more stable funding streams on the state and local level and we continue to allocate what resources we are able to these very important programs.

On the state level, one of our greatest needs is the financial assistance of the federal government, preferably through the block grants for substance abuse treatment and prevention and through programs like Byrne-JAG for enforcement. These programs provide the states with the flexibility to use the funding for issues that are problems specific to each state. States need the levels of funding received from these sources to be increased and they need to be stabilized, so that there is a level of certainty regarding the ongoing nature of the funding.

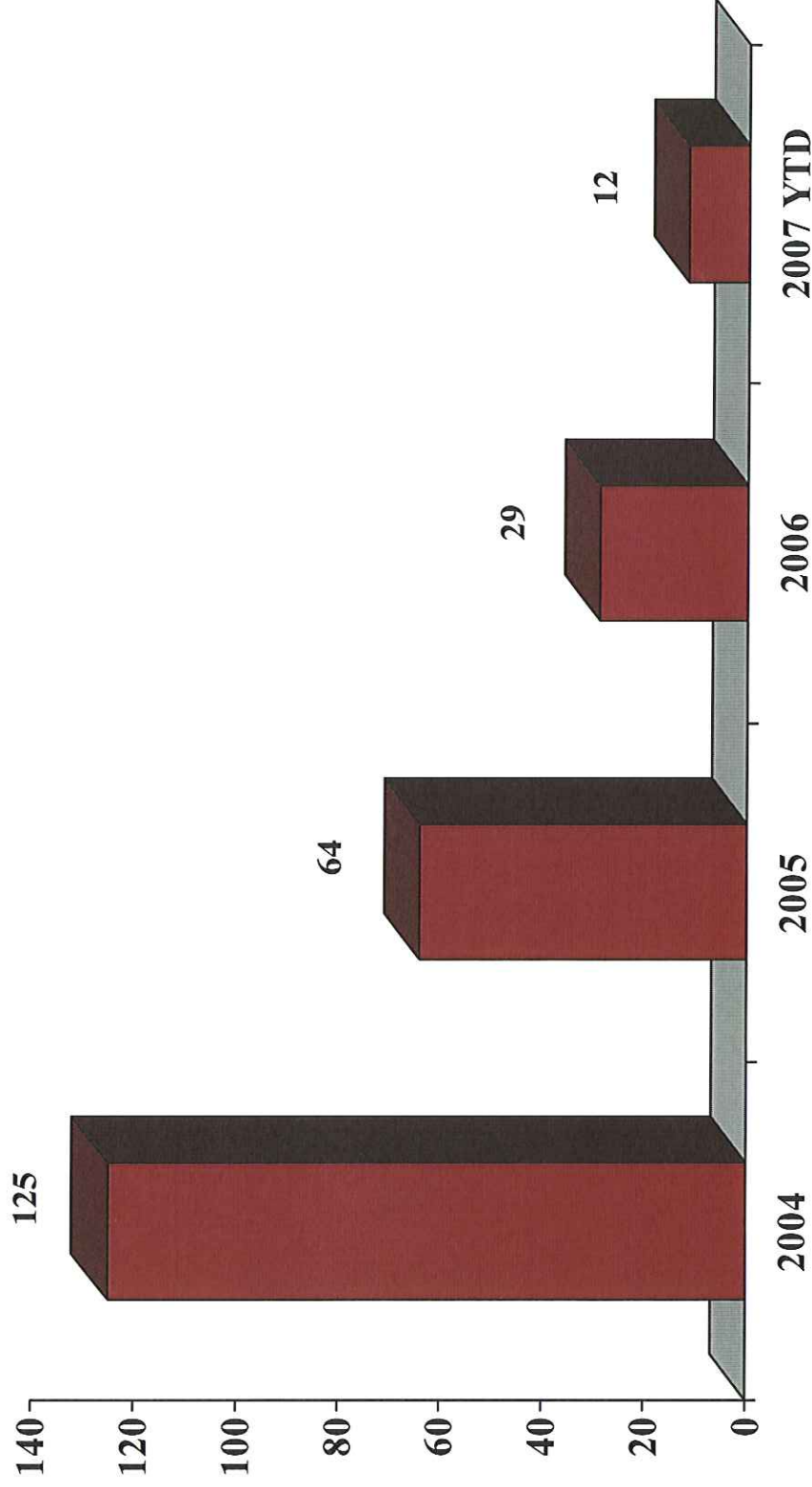
Methamphetamine is a national problem in the United States, but some of the best and most likely success we can have in combatting this national problem is through state and local drug enforcement, as well as implementation of treatment and prevention programs that work. State and local jurisdictions cannot do this without the assistance of the federal government.

Thank you for allowing me to speak to you today, it has truly been my pleasure. Thank you for your efforts to provide much needed support and funding to state and local governments to help us deal with problems like methamphetamine. Most of all, thank you for your service to the United States of America.

Iowa Meth Lab Incidents

Monthly Average by Calendar Year

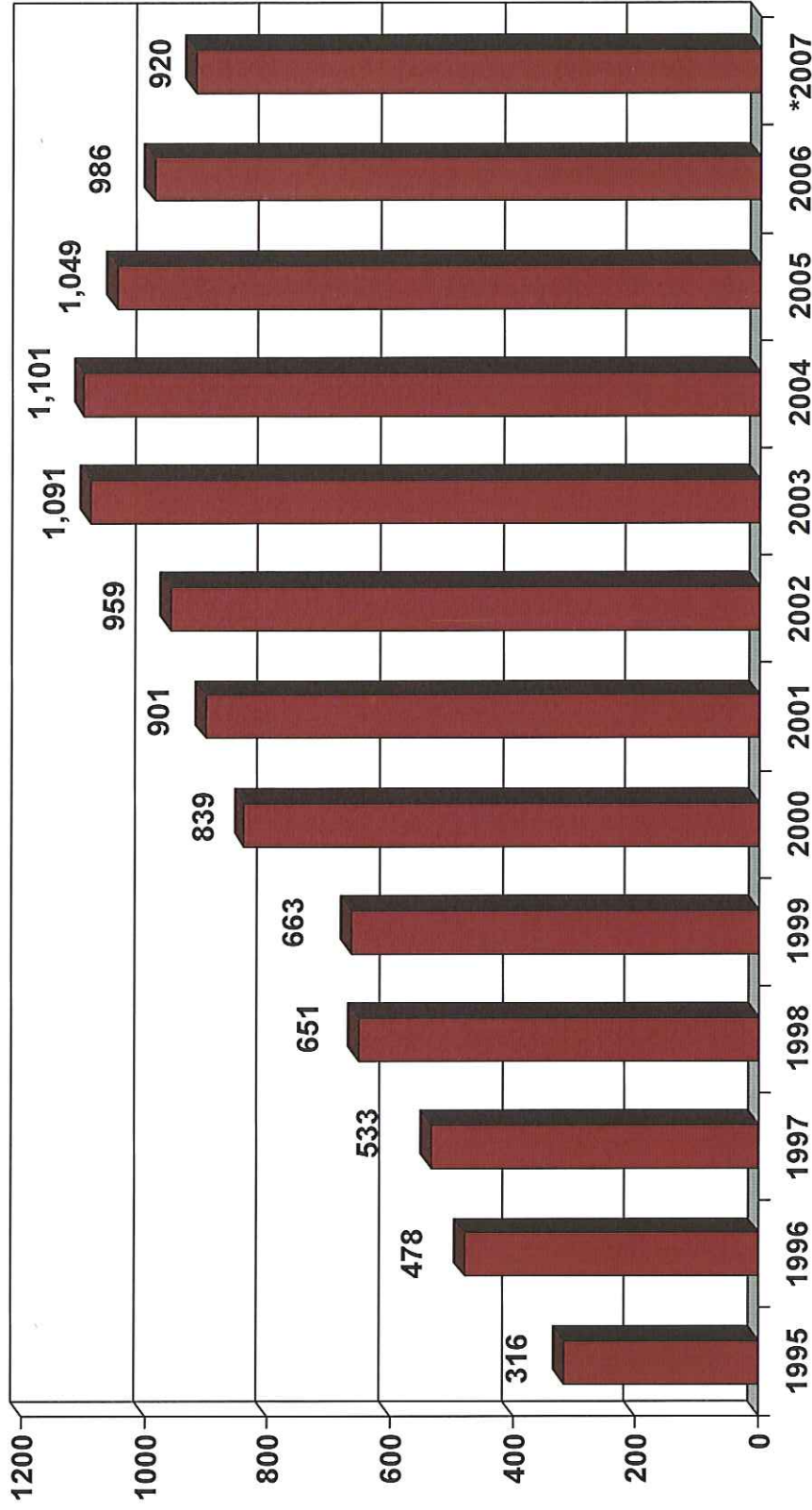
Source: Iowa Department of Public Safety, Division of Narcotics Enforcement (8-31-07)



Iowa's pseudoephedrine control law was enacted May 21, 2005.

Iowa Drug-Related Prison Admissions by State Fiscal Year

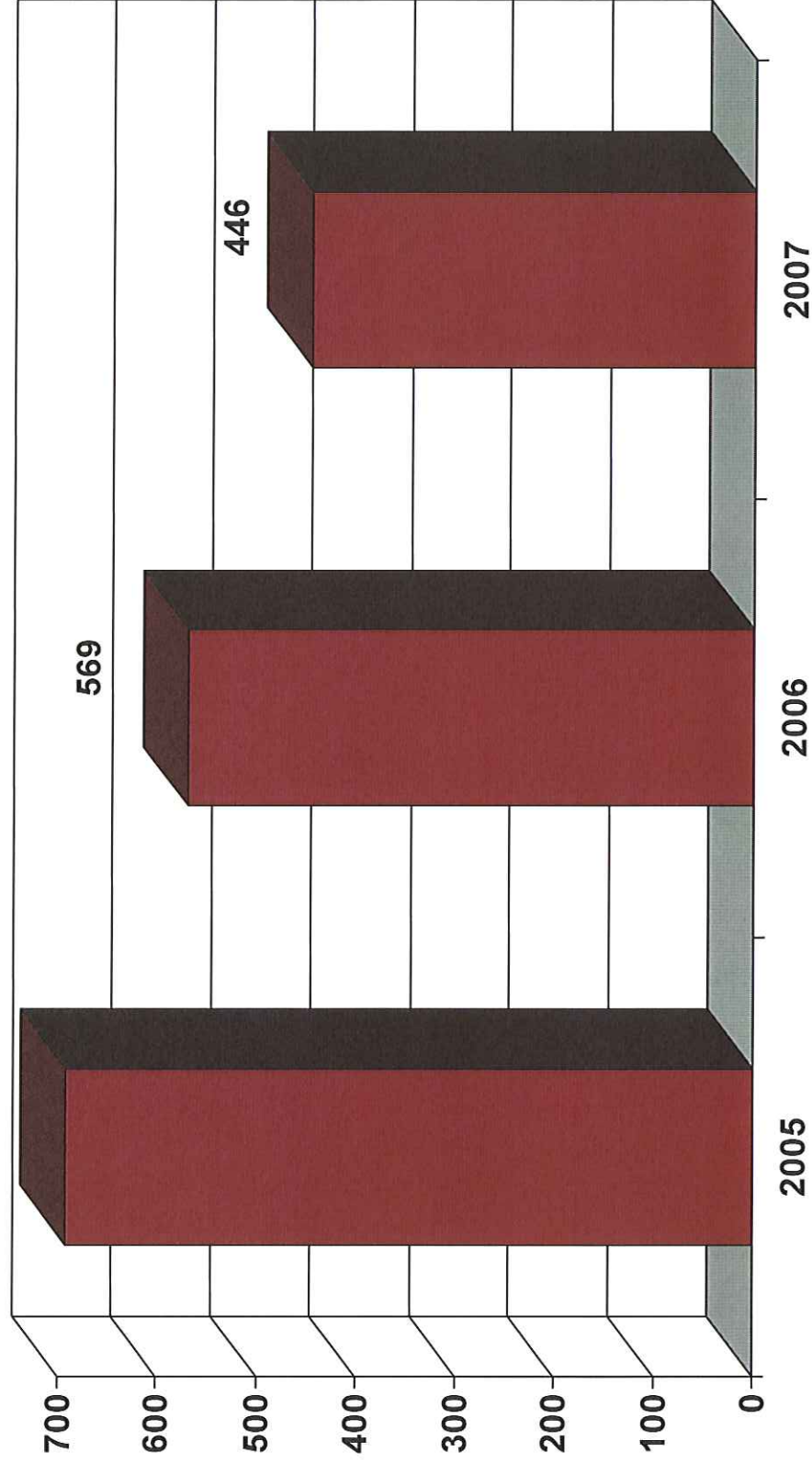
Source: Iowa Department of Corrections & Department of Human Rights, Division of Criminal/Juvenile Justice Planning



*2007 projection is based on data for first half of fiscal year.

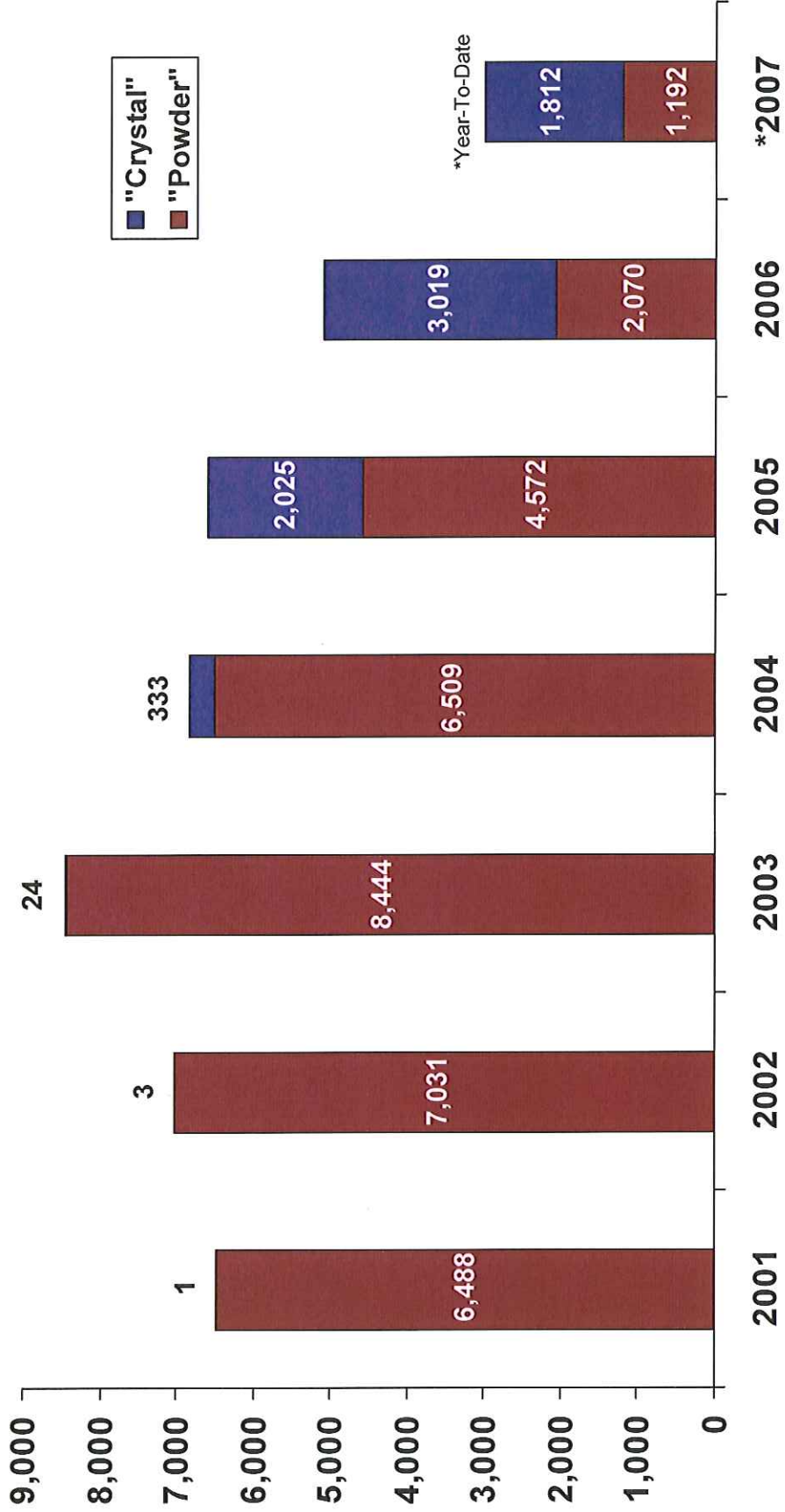
Iowa Meth-Involved Prison Commitments by State Fiscal Year

Source: Iowa Department of Human Rights, Division of Criminal & Juvenile Justice Planning



Forms of Meth Seized in Iowa by Calendar Year

Source: Iowa Department of Public Safety, Division of Criminal Investigation Laboratory (9-14-07)

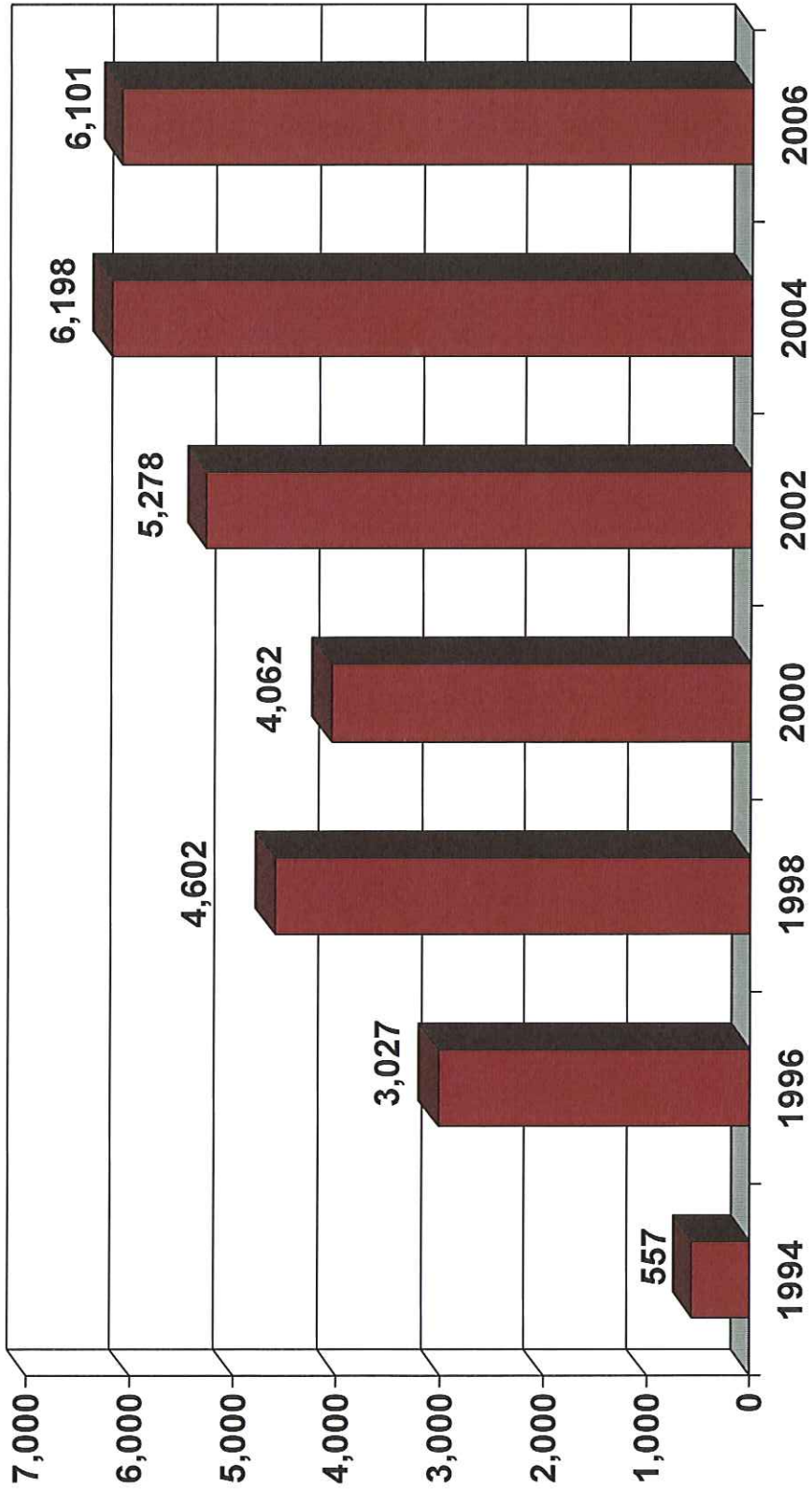


As analyzed by the State's crime lab, "crystal" meth (a.k.a. "ice") typically is a much purer form of the drug smuggled into Iowa.

Iowa "Primary" Meth Treatment Clients

Admissions/Screens by State Fiscal Year

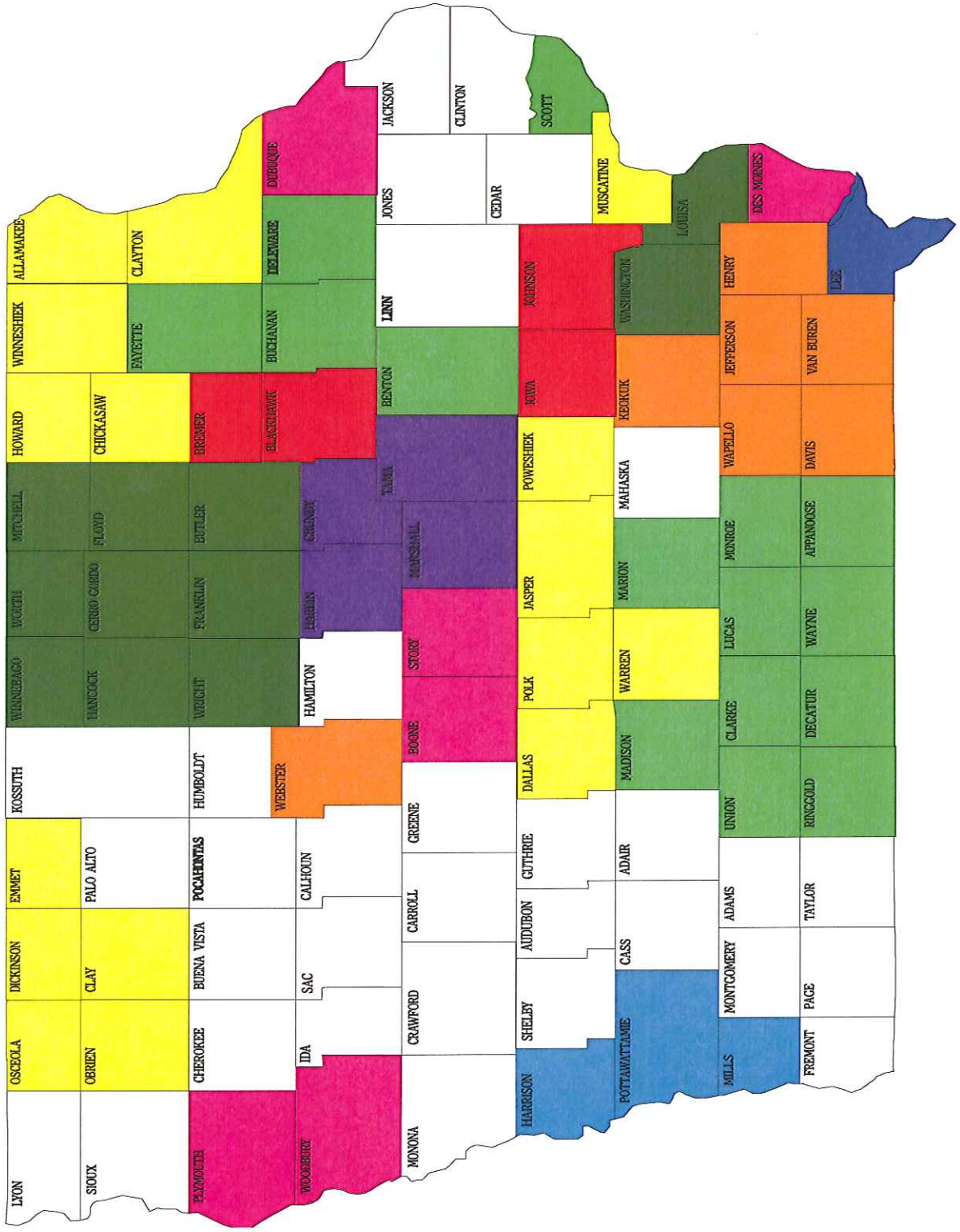
Source: Iowa Department of Public Health



Iowa Drug Task Forces in SFY 2008

(Supported by Federal Byrne-JAG, COPS-Meth & Iowa Grants)

9-14-07



SFY 2007 Iowa Drug Task Force Results

<u>Drug Seized/Eradicated</u>	<u>Quantity</u>	<u>Estimated Street Value</u>
Cocaine	41.6 Kilograms	\$6.2 million
Crack	4.1 Kilograms	\$1.1 million
Heroin	0.02 Kilograms	\$3,500
Processed Marijuana	3,146.6 Pounds	\$5.0 million
Commercial Marijuana Plants	6,208 Plants	\$9.9 million
Wild Marijuana Plants	2,075 Plants	NA
Meth/Amphetamine	61.1 Kilograms	\$7.9 million
Ecstasy	18,428 Dosage Units	\$276,420
Pharmaceuticals	97,198 Dosage Units	\$485,990
Total Drug Seizures		\$31.2 million
<u>Meth Labs</u>	<u>Volume</u>	<u>vs. Previous Year(s)</u>
Total Meth Lab Responses	363	vs 410 in '06 & 906 in '05
<u>Criminal Sanctions</u>	<u>Volume</u>	<u>vs. Previous Year(s)</u>
Subjects Arrested	3,905	vs. 3,573 in '06 & 3,760 in '05
Subjects Charged	3,610	vs. 3,252 in '06 & 4,133 in '05
Subjects Convicted	2,194	vs. 2,139 in '06 & 2,434 in '05