

DEPARTMENT OF DEFENSE

The Department of Defense ends each fiscal year with billions of dollars in unspent and unobligated funds. In 2009, the total amount of unobligated DoD funds is projected to be approximately **\$65.5 billion**. The Department ended the fiscal year with \$72.6 billion in 2008 and \$89.5 billion in 2007.¹

Each year Congress funds thousands of projects that are not requested by the military, go to politically favored groups, and undergo no scrutiny from Congress or the Pentagon. These projects are not competitively bid and produce almost no value for our troops. In FY 2009, there were over **2,000 defense earmarks totaling almost \$8 billion**.²

The Government Accountability Office identified **\$30 billion in average annual cost overruns** ever year from major defense acquisition programs from 2003-2007.³

The Department of Defense Inspector General auditors identified over **\$1.5 billion** in fraud, waste, abuse, and mismanagement of taxpayer dollars in FY 2008.^{4 5}

DOD IG participated in a 5-year investigation into the largest overseas TRICARE fraud in the history of the program, which resulted in a 75-count indictment against the defendants for defrauding TRICARE **of over \$100 million** and, ultimately, their guilty pleas.⁶

The Deputy Assistant Secretary of Defense for Internal Communications and Public Liaison (Deputy Assistant Secretary) conducted the America Supports You (ASY) program in a questionable and unregulated manner. Also, the American Forces Information Service, working under the authority of the Deputy Assistant Secretary, **inappropriately transferred \$9.2 million of appropriated funds** to Stars and Stripes through uniform funding and management procedures to finance ASY program expenses through its nonappropriated fund.⁷

¹ <http://www.whitehouse.gov/omb/budget/fy2009/pdf/balances.pdf>

² Joint Explanatory Statement to Accompany Public Law 110-329, the Consolidated Security, Disaster Assistance, and Continuing Appropriations Act, 2009. Pp. 457 – 570.

³ GAO Report: 08-467SP, "Defense Acquisitions: Assessments of Selected Weapons Programs," Government Accountability Office, March, 2008, <http://www.gao.gov/new.items/d08467sp.pdf>.

⁴ DOD IG Report: 062308, "Inspector General United States Department of Defense: Semiannual Report to the Congress," Department of Defense Inspector General, March 2008.

⁵ DOD IG Report: 121708, "Inspector General United States Department of Defense: Semiannual Report to the Congress," Department of Defense Inspector General, September 2008.

⁶ DOD IG Report: 062308, "Inspector General United States Department of Defense: Semiannual Report to the Congress," Department of Defense Inspector General, March 2008.

⁷ DOD IG Report: 062308, "Inspector General United States Department of Defense: Semiannual Report to the Congress," Department of Defense Inspector General, March 2008.

In Bagram Air Base in Afghanistan, there were so many nontactical vehicles on the one main road that traffic jams ensued, leading DOD IG to report in an audit that tenant units at Bagram Air Base in Afghanistan increased their number of nontactical vehicle leases for transportation in and around Bagram Air Base from around 100 in 2006 to over 1,500 in 2008. Most of the base is located in a small area within walking distance for base residents, and the Joint Task Force provided a bus service. DOD increased spending by over **\$16 million** on these vehicles, which again, cannot be used outside of the base perimeter.

The Defense Contract Audit Agency, despite not complying with generally accepted auditing standards, found **over \$3 billion in net savings due to audits of defense contractors**. With effective leadership and compliance with audit standards, it could identify billions more.⁸

The Government Accountability Office **identified massive waste and inefficiency, worth nearly \$1 billion**, at the Department of Defense because new, unused, and excellent condition items were transferred outside of DOD, sold for pennies on the dollar, or destroyed. Despite the destruction of these excess items, DOD continued to purchase them for military use.⁹

According to the Government Accountability Office, the Department of Defense will realize almost **\$450 million when they stop paying contractors award fees for unacceptable work** and stop the inappropriate use of rollover award fees.¹⁰

The Special Inspector General for Iraq Reconstruction (SIGIR) has saved, recovered, or redirected **\$305 million** as a result of 29 criminal indictments and hundreds of audits, inspections, and investigations.¹¹

The Senate passed Department of Defense appropriations act includes a **\$20 million earmark for the Edward Kennedy Institute for the United States Senate** in Massachusetts.¹² The institute will be located on the campus of the University of Massachusetts, and according to its website will educate the public, senators and senate staff about the importance of the Senate. It is unclear if this will be a long distance education endeavor considering the Senate and senate staffers reside roughly eight hours from the Institute. In addition, the Institute is planning to sponsor a debate for the democrat candidates running for the Massachusetts Senate seat. Taxpayers could be saved **\$20 million** if Congress reprioritized scarce resources instead of

⁸ Defense Contract Audit Agency website "Products and Services," <http://www.dcaa.mil/products.htm>.

⁹ GAO Report: 05-277, "DOD Excess Property: Management Control Breakdowns Result in Substantial Waste and Inefficiency," May, 2005, <http://www.gao.gov/new.items/d05277.pdf>.

¹⁰ GAO Report: 09-630, "Federal Contracting: Guidance on Award Fees Has Led to Better Practices but is Not Consistently Applied," May, 2009, <http://www.gao.gov/new.items/d09630.pdf>.

¹¹ Special Inspector General for Iraq Reconstruction website, "SIGIR Accomplishments," August, 2009, <http://www.sigir.mil/about/pdf/SIGIRaccomplishments.pdf>.

¹² Bender, Bryan, "Kerry Asks \$20m for Kennedy Institute," *The Boston Globe*, September 25, 2009, www.boston.com/news/nation/washington/articles/2009/09/25/watchdog_groups_rap_20m_earmark_for_kennedy_institute.

directing millions to an institution attempting to disguise a political agenda by offering classes on the Senate to senators and staff working over 400 miles away in the nation's capitol.

The Department of Defense (DoD) currently administers separate agencies that sell groceries and retail goods on military bases. The Defense Commissary Agency operates grocery stores (commissaries), while retail goods are sold by the Army and Air Force Exchange, the Navy Exchange, and the Marine Corps Exchange. Since these agencies are separate but perform similar functions, they each operate duplicative overhead headquarters and staff. Consolidation of the commissaries and exchanges is estimated to save billions per year, a portion of which would be paid to members of the Armed Forces as an additional cash benefit (grocery allowance) which they could spend at the new agency or in their local community at commercial grocery and retail stores or online. According to the Congressional Budget Office's August 2009 Budget Options document, this grocery allowance "could be targeted to specific pay grades or groups... to benefit junior enlisted members with large families, for example." **Adopting this consolidation would save at least \$150 million in the first year.**

The Army and Air National Guard work with local law enforcement agencies on interdiction and anti-drug activities. These programs range from the utilization of helicopters to aid in interdiction of drug transport and sale to mentorship programs by soldiers and airmen to give an anti-drug message to youth.¹³ This program duplicates the work of the Drug Enforcement Administration (DEA), who works with local law enforcement to enforce drug laws and interdict drug trafficking. The High Priority National Guard Counterdrug Program received \$15,000,000 in FY2010 funding.¹⁴ The Drug Enforcement Administration received over \$1.5 billion in FY2010 funding with \$6,000,000 specifically for State and Local assistance.¹⁵

The Joint Strike Fighter program is a joint program between the Air Force, Navy, and Marine Corps to develop a low-cost fighter that can serve the needs of those three military services. In order to mitigate risk, the Department of Defense in 1996 had two contractors develop separate engines for the fighter plane. The second, backup engine is the "F136" alternate engine developed by General Electric. In 2006, the Defense Department decided that the risk has been mitigated and there is no longer a need for a second engine. Despite this, Congress has funded the second engine that the Defense Department for a backup engine it neither needs nor wants.

¹³ Patrick Murphy, Lynn E. Davis, Timothy Liston, David E. Thaler, Katharine Watkins Webb, "Improving Anti-Drug Budgeting," RAND Corporation, 2000, Accessed April 6, 2010,

http://www.rand.org/pubs/monograph_reports/MR1262/MR1262.ch5.pdf

¹⁴ Department of Defense Appropriations Act, 2010, Public Law 111-118, p. 45 (of HR 3326)

¹⁵ National Drug Control Strategy "Department of Justice FY 2010 Budget Summary," Accessed January 7, 2010, <http://www.whitehousedrugpolicy.gov/publications/policy/10budget/justice.pdf>

The FY2010 Appropriations Act contains \$465 million in funding for continued development of the “F136” engine program.¹⁶ According to Geoff Morrell, the Defense Department press secretary, “it would cost an additional \$2 billion to \$3 billion to finish the [alternate engine]”¹⁷ Alternate engine funding would duplicate the more than \$6 billion that has already been spent on engine development at the Department of Defense for the main engine for the Joint Strike Fighter.¹⁸ Additionally, President Obama included the Joint Strike Fighter Alternate Engine Program on his list of Terminations, Reductions, and Savings proposed with his FY2010 budget. It states, “The Administration has decided not to fund the Joint Strike Fighter (JSF) Alternate Engine Program (AEP), because it is no longer needed as a hedge against the failure of the main Joint Strike Fighter engine program.”

U.S. Army Medical Research and Materiel Command administers the Congressionally Directed Medical Research Program (CDMRP), which was initially established in 1992 to perform research into breast cancer. The CDMRP now spends over \$5 billion annually into diseases that may or may not have a connection to military service such as breast cancer, autism, and multiple sclerosis. This is in addition to funding spent on these diseases by the National Institutes of Health.¹⁹ In FY2009, the CDMRP received appropriations of \$250 million for funding of non-military relevant medical research programs in breast, ovarian, and prostate cancer. This may have potentially duplicated the work of the National Institutes of Health, which funded over \$1.1 billion for research into breast, ovarian, and prostate cancer.²⁰

¹⁶ CRS Report RL30563, “F-35 Joint Strike Fighter (JSF) Program: Background and Issues for Congress,” Congressional Research Service, December 22, 2009, <http://www.crs.gov/Pages/Reports.aspx?ProdCode=RL30563>.

¹⁷ Drew, Christopher, “Mishap Raises Questions About Pratt and Whitney F-35 Engine,” New York Times, September 14, 2009, <http://www.nytimes.com/2009/09/15/business/15engine.html>.

¹⁸ Office of Management and Budget, “Terminations, Reductions, and Savings: Budget of the U.S. Government Fiscal Year 2010,” p. 38

¹⁹ U.S. Army Medical Research and Materiel Command, “Congressionally Directed Medical Research Programs Annual Report,” September 30, 2009, <http://cdmrp.army.mil/annreports/2009annreport.pdf>.

²⁰ CRS Report 96-253, “Cancer Research: Selected Federal Spending and Morbidity and Mortality Statistics,” Congressional Research Service, September 3, 2009, <http://www.crs.gov/ReportPDF/96-253.pdf>.