Potential DOD Savings

The following examples represent a **conservative estimate of $386 billion dollars in potential savings** over ten years through cuts to low priority spending occurring at the DOD.

The 2011 report *Back in Black* made 37 recommendations for cuts that would save the DOD more than $1 trillion over the next 10 years, **without drastic cuts to troop end strengths, Air Force combat wings, or Navy ships**. Recommendations yet to be implemented by DOD include:

- $25 billion in savings could be realized through improvements in financial management – the Marine Corps reported $3 in savings for every $1 spent on its financial improvement efforts[1]

- $250 million in savings could be generated by transferring research on non-military specific diseases, such as on breast, prostate, lung, and ovarian cancers, and food allergies, conducted at the Congressionally Directed Medical Research Program (CDMRP) to the National Institutes of Health (NIH) – this would not only save administrative costs, but more importantly it would enable the CDMRP to focus its efforts on ailments with a direct connection to military service, such as lung conditions the result of burn pit exposure

- $18 billion could be saved by purchasing additional F/A-18 Super Hornets instead of the Navy and Marine Corps' planned purchases of the F-35 Joint Strike Fighter – the DOD has already confirmed that the F-35, the most expensive weapon ever procured by the DOD, was compromised in an attack by Chinese hackers[2]

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[1] Knubel, John, ―How Financial Improvement / Audit Readiness Efforts Can Reduce ‗Leakage‘ (Inefficiencies) in Financial Operations: Based on the Marine Corps Experience to Date,‖ Department of the Navy Powerpoint Presentation, September 2009.
[2] http://online.wsj.com/news/articles/SB124027491029837401

- $6 billion in savings could be generated by replacing some planned purchases of the V-22 Osprey with additional MH-60 helicopters

- $52 billion could be saved by reducing spending for "Other Procurement" items such as tactical radios, radars, and night vision goggles – these items last for years and do not need to be replenished annually, except for the small percentage of combat losses

- $500 million in savings could be generated by simply requiring the DOD to sell at reduced market rates the excess equipment it currently gives away to state and local federal agencies

- $53 billion could be saved by replacing the nearly 88,000 military personnel performing commercial functions (installation support, supply, transportation, communications) with civilians

- $37.8 billion could be saved by reducing contractor support by 20 percent

- $2.8 billion in savings can be achieved through consolidation of the three separate military health care services

- $1.7 billion in savings could be realized by closing DOD run Science, Technology, Education, and Mathematics (STEM) programs for elementary school students, which duplicate the already 207 other federal STEM programs run by other agencies

- $10 billion could be saved by closing DOD domestic elementary schools and letting those student attend local schools

- $9.1 billion could be saved by consolidating DOD administered grocery and retail stores – Walmart has indicated they would match commissary prices for groceries for our troops, and according to DBB

research, there is a Walmart within 10 miles of most domestic military bases

Most Americans likely believe the more than $600 billion annual defense budget is entirely directed toward the defense of our nation. Yet billions of defense dollars are being spent on programs and missions with little or nothing to do with defense.

The 2012 report *Department of Everything* documented more than $67.9 billion in savings that could be generated by cutting non-defense spending, much of which duplicates work already being performed by other government agencies or are completely unnecessary:

- DOD spent $6 billion for non-military research and development, often duplicative of research being performed by the National Science Foundation (NSF), the National Oceanic and Atmospheric Administration (NOAA), and other federal agencies. Some of the notable projects produced include the following:

    - The Navy and the Air Force funded a study that concluded people in New York use different jargon on Twitter than those living in California

    - The Air Force Office of Scientific Research funded a study examining how to make it easier to produce silk from wild cocoons in Africa and South America

    - The Navy funded development of an iPhone app that alerts you when you need a cup of coffee

    - The Navy funded research examining what the study of fish can teach us about democracy

    - The Pentagon used $1.5 million in funds designated for weapons program funding to develop roll-up beef jerky – which

duplicated grants for meat snack development already provided by the Department of Housing and Urban Development (HUD) and Department of Agriculture (USDA)

- o The Pentagon funded a symposium that included a session entitled "Did Jesus die for Clingons too?" – Clingons are a fictional alien species who were villains and then later allies of humanity in the Star Trek series

- The DOD operates 64 schools on 16 military installations in the U.S. – over 19,000 students are taught by over 2,000 teachers **at a cost of over $50,000 per student, compared to the Department of Education's average annual cost per student of $11,000**

  - o The Pentagon run elementary and junior high school at the Naval Surface Warfare Center in Dahlgren, VA, is less than one mile away from the locally funded Potomac Elementary School

  - o Students throughout the DOD (including overseas schools) **scored lower than the national average on the Scholastic Aptitude Test in 2009 and 2010**

  - o Allowing these students to attend local schools could save $10 billion over the next 10 years

- DOD spends over $700 million for renewable energy programs that duplicate efforts of the Department of Energy and the Environmental Protection Agency in funding basic and applied research into alternative energy, with mixed results, including:

  - o Development of algae as a fuel for ships and fighter jets at four times the cost of regular fuel

  - o Wind turbines that produced only "sporadic usable power"

Budgets represent choices and priorities – a decision to fund one program is an implicit decision not to fund other programs. **Instead of identifying lower priority, duplicative programs to eliminate, the DOD is choosing to reduce our ground troop levels, buy fewer planes, and acquire fewer ships**.

Additional cost savings can be gained through efficiencies and management improvements in Information Technology (IT):

- DOD constitutes roughly 47 percent of reported federal IT spending – in FY13 DOD spent $31.4 billion dollars on IT, and reported 2,294 total investments[3]

- In a 2012 report on DOD IT Modernization, the DBB reported $24 billion (62 percent) of DOD's $38.5 billion FY12 IT budget was allocated to infrastructure, providing an opportunity for significant cost savings through the consolidation IT infrastructure.[4]

   - The DBB notes that "At best estimates, **DOD controls over 772 data centers with operations at over 6,000 separate locations**. The **DOD IT enterprise serves over three million networked users on 70,000 servers and seven million IT devices**. These **devices run over 5,000 different applications**. It is estimated that it **currently takes 90,000 employees to accomplish daily operations and maintenance of the DOD IT enterprise**."[5]

   - The DBB identified "Visible and Hidden Costs & Spending" and estimated DOD could **save 25-50% in total annual IT expenditures** by addressing the following opportunities:

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[3] https://www.itdashboard.gov/portfolios
[4] http://dbb.defense.gov/Portals/35/Documents/Reports/2012/FY12-1_DoD_Information_Technology_Modernization_2012-1.pdf
[5] Ibid

- Excessive purchasing due to long procurement/deployment cycles

- High support costs to maintain independent systems, multiple networks, and duplicative infrastructure

- High labor costs due to inefficient staff utilization

- Underutilization of servers and untracked O&M purchases

  o Significantly, the DBB report noted that "**DOD is unable to audit specific spending on IT systems outside the IT budget**, and as such, it is estimated that the **actual amount spent on IT systems could be significantly greater than budgeted** due to use of operations and maintenance funds at local levels to augment the formally budgeted allotment for IT. Also, this budget does not include IT purchased as part of major weapons systems, which is normally budgeted within each specific program."

  o The report summed up its recommendations thusly: **"Failure to act decisively is a decision, and the wrong one - IT costs are a direct tradeoff with warfighter needs"**

- GAO has identified duplication in DOD IT spending, finding 37 potentially duplicative IT investments accounting for about $1.2 billion in total IT spending between fiscal years 2007-2012[6]

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[6] http://www.gao.gov/products/GAO-12-241

In *just the last few months*, while DOD was complaining about the impact of sequester cuts on military readiness, we saw these examples of DOD spending as usual:

- 12 brand new C-27J Spartans rolled right off the assembly line were immediately mothballed. Since 2007, DOD has spent $1.6 billion on 21 of these planes, but only 16 have been delivered, and the majority of those sit in storage having never been used.[7]

- 20 C-27As that cost the taxpayers $631.4 million sit unused and are slated to be destroyed as the military leaves Afghanistan. Initially planned to provide the Afghan Air Force with a cargo lift capability, the program was plagued by problems with the aircraft and supply chain, and as a result, none of these aircraft have been transferred to the Government of Afghanistan. The Air Force has instead decided to supply the Afghanistan Air Force with C-130H planes, and has delivered the first two of four C-130H planes at an additional cost to taxpayers of $148 million.[8]

- The Army spent $297 million to develop the Long Endurance Multi-Intelligence Vehicle (pronounced LEM-V), a blimp-like aircraft that could hover over a battlefield, then cancelled it after one test flight. We sold it back to the contractor for $301,000 (less than 1 percent of our cost).[9] The LEMV was supposed to remain over a battlefield for 21 days, providing real time intelligence to commanders on the ground, but it fell eight months behind schedule, and by the time it was tested, weighed 12,000 pounds more than originally designed, and could only stay aloft 5 days.

- The Army and Marine Corps confirmed they are moving ahead with the planned purchase of 55,000 trucks known as the Joint Light

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[7] http://www.dodbuzz.com/2013/10/07/time-runs-out-on-c-27j/

[8] http://www.janes.com/article/28166/afghan-air-force-receives-first-hercules-airlifters

[9] http://www.flightglobal.com/news/articles/us-army-sells-cancelled-lemv-airship-to-original-designer-392226/

Tactical Vehicle (JLTV) to replace their current fleet of Humvees, despite the fact both services are downsizing and reducing the number of active duty troops, and the cost of the vehicles has already increased from the promised $250,000 per vehicle to an estimated $400,000 per vehicle.[10]

- A recent audit by the DOD Inspector General found that a contractor (Boeing) had overcharged the Defense Logistics Agency for spare aircraft parts – "$2,286 for an aluminum bearing sleeve that should have cost $10."[11]

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[10] http://www.dodbuzz.com/2013/10/28/pentagon-inspector-general-to-audit-jltv/
[11] http://www.bloomberg.com/news/2013-10-14/boeing-charges-u-s-for-new-copter-parts-uses-old-ones.html