

Amendment 4848 – Requires an analysis of the total cost of earmarks and the effectiveness of each in meeting the goals of the Department of Defense

Key Points

Earmarks Are Consuming a Growing Proportion of Defense Funds

The number of earmarks in defense appropriations laws has grown from about 587 in Fiscal Year 1994 to about 2,847 in Fiscal Year 2006. The amount of money earmarked has increased over the same period, from about \$4.2 billion to \$9.4 billion. The amount earmarked as a percentage of the total in the defense appropriations bill has correspondingly increased from about 1.8 percent in 1994 to approximately 2.4 percent in 2006.

Earmarks Are Siphoning Funds Away from National Security Priorities

Last year, the White House Office of Management and Budget (OMB) wrote to the House Appropriations Committee warning that the hundreds of million of dollars set aside for Congressional pork projects would be slashed from a Pentagon program designed to fill some military desk jobs with civilians and would thereby “limit one of [the Defense Department’s] most productive initiatives for reducing the strain on our armed forces [and to] free up critically needed troops for the Global War on Terror.” The letter said “the committee’s additions to the Navy’s shipbuilding budget ... and numerous other smaller funding increases, preempts the Department’s ability to invest cost-effectively in 21st-century capabilities” and that “The administration is concerned that these reductions could damage the readiness of U.S. forces and their preparedness.”

Earmarks Partially Responsible for Emergency Supplementals and Rising Debt

Pork projects could be used to offset much of the cost of the emergency supplemental bills that have been used to finance the various frontlines in the war against terrorism. The emergency

supplemental bill passed by Congress and signed by the President this month provided \$65.8 billion to support Operation Iraqi Freedom and Operation Enduring Freedom. The total amount spent on earmarks in Defense appropriations over the past three fiscal years amounted to approximately \$27 billion—about 40 percent of the amount needed to pay to continue our military operations in these battlefronts in the war against terrorism. Instead, the supplemental bills have relied on “emergency” spending which is not offset and is directly added to our nation’s \$8.4 trillion debt. Furthermore, much of that money contained within the emergency supplemental bills will, in fact, replenish the Pentagon programs that were cut to pay for earmarks.

Earmarks Are Often Not Needed or Wanted by the Department of Defense

Many Congressional earmarks inserted within Defense appropriations bills are not needed, or even wanted, by the Pentagon. Just this week, the *Washington Post* published an article entitled “The Project That Wouldn’t Die; Using earmarks, members of Congress kept money flowing to a local company that got \$37 million for technology the military couldn’t use.”

The \$80 billion emergency supplemental passed last year was riddled with add-ons. It included \$10 million to expand wastewater facilities in Swiftwater, Pennsylvania. The University of Texas Southwestern Medical Center got \$3 million. A wastewater treatment plant in Desoto County, Mississippi, got \$35 million, and \$4 million went to the Fire Sciences Academy in Elk, Nevada

In its report on its fiscal 2001 Defense appropriations bill, the Senate Appropriations Committee wrote: “The committee understands that medical studies indicate the potential benefits of cranberry juice and other cranberry products in maintaining health. The committee urges the Secretary of Defense to take steps to increase the department’s use of cranberry products in the diet of on-base personnel and troops in the field. Such purchases should prioritize cranberry products with high cranberry content such as fresh cranberries, cranberry sauces and jellies and concentrate and juice with over 25 percent cranberry content.” In retrospect, one must wonder if these resources and the

billions of dollars diverted to other earmarks would have been better spent on anti-terrorism efforts.

Defense Earmarks Have Been Linked to Corruption and Ethics Concerns

Earmarks contained within Defense appropriations bills have been linked to a number of recent Congressional corruption and ethics probes. Last fall, Congressman Randy “Duke” Cunningham resigned from the House of Representatives after he admitted to taking \$2.4 million in bribes from two defense contractors. Federal investigators are examining whether Congressman Jerry Lewis, who is the House Appropriations Chairman, abused his position by steering earmarks to his political allies and former employees. The *Wall Street Journal* notes that, “the Lewis episode underscores the link between Member-steered earmarks and the opportunity for corruption. Convicted super-lobbyist Jack Abramoff openly boasted that earmarks were his political currency and he called the Appropriations Committee that doles them out a ‘favor factory’ for lobbyists.”

The Coburn Amendment Adds Transparency and Accountability to Earmarks

This amendment would require the Department of Defense to report annually:

- The total annual cost of earmarking in Defense appropriations bills. Currently, we can determine the total number of earmarks and the actual price tag of those, but we do not know the hidden cost, which includes staff time and administration. This annual report will provide Congress and the public a more complete understanding of the total cost of “pork” to the Department of Defense.
- The purpose and location of each earmark.
- An analysis of the usefulness of each earmark in advancing the goals of the Department of Defense. This will provide members of Congress a more complete view of the cost

effectiveness of each project and if such projects warranted continued funding.

The term “earmark” in the amendment means a provision of law or a directive contained within a joint explanatory statement or report accompanying a bill that specifies the identity of an entity, program, project or service, including a defense system, to receive assistance not requested by the President and the amount of the assistance.

This annual earmark report will ensure that policymakers and the public are fully aware of the impact of unnecessary earmarks on the budget of the Department of Defense and siphon away from military preparedness and national defense. The grading system will likewise provide needed information to lawmakers about projects inserted into bills that have not had proper oversight, debate or discussion. This added transparency will ensure that every member of Congress can cast a truly informed vote and ensure greater accountability for how federal funds are allocated and spent.

**Selected Earmarks Associated with H.R. 5631, Fiscal year 2007
Department of Defense Appropriations Act**

Earmarks in the bill

\$2 million for brown tree snakes in Hawaii

Earmarks accepted on Senate floor

4759 Menendez To make available from Other Procurement, Army, up to \$2.6 million for the Virtual Interactive Combat Environment for the New Jersey National Guard.

4766 Inouye To make available from Operation and Maintenance, Army up to \$500,000 for the U.S. Army Center of Military History to support a traveling exhibit on military experience in World War II.

Filed amendments with earmarks

4752 Inouye To provide \$5 million for the Dwight D. Eisenhower Memorial Commission.

4815 and 4817 Bingaman To provide that funds in Operation and Maintenance, Air Force, are available for an updated study on the New Mexico Spaceport and Air Force plans and operations for Responsive Space.

4841 Allen To provide up to \$2 million for the Office of Economic Adjustment of the Department of Defense to conduct a traffic study and prepare a report on the improvements required to the transportation infrastructure around Fort Belvoir, Virginia.

4843 Kennedy To provide \$45 million for research

Background

The President's annual defense appropriations requests are accompanied by budget justification documents that show in detail how the Defense Department plans to spend appropriated funds. While Congress should exercise oversight to ensure that dollars intended for national defense are being properly spent, military leaders are best equipped to make decisions about what armor, equipment and projects are necessary to assist our men and women in uniform protect our nation and win the war against terrorism.

Unfortunately, like other appropriations bills, the Defense appropriations bills have increasingly been loaded up with earmarks, or member directed pork projects not requested by military leaders or the Commander-in-Chief. Also multiple defense earmarks have been the subject of legal and media investigations and have led to the resignations and the conviction of Congressman Randy "Duke" Cunningham for bribery. Most importantly, however, earmarks siphon funds away from more important defense priorities and add billions of dollars to our already insurmountable national debt.

Earmarks Are Consuming a Growing Proportion of Defense Funds

The Congressional Research Service (CRS) recently released a report on earmarks inserted into the appropriations bills for every federal department.

For the Department of Defense, CRS defined the term *earmark* to mean congressional additions of funds at a level of specificity below the normal line item level. Understood in this way, a congressional committee would not be said to earmark funds if it adds money to buy additional fighter aircraft, for example, but would be said to earmark funds if it specifies that a particular kind of radar is to be incorporated into an aircraft upgrade program.

For Fiscal Year (FY) 2006 defense appropriations, the number of congressional earmarks — as defined above — totaled 2,847, with a dollar value of \$9.427 billion, which is 2.36 percent of the total provided in the law.

The number of earmarks in defense appropriations laws has grown from about 587 in FY1994 to about 2,847 in FY2006. The amount of money earmarked also has increased over the same period, from about \$4.2 billion to \$9.4 billion. The amount earmarked as a percentage of the total in the defense appropriations bill has correspondingly increased from about 1.8 percent in FY1994 to approximately 2.4 percent in FY2006.

These amounts only reflect the amount of the earmark and not the costs associated with administering the earmark.

**Defense Appropriations
Summary of Estimated Earmarks**
(millions of current dollars)

Fiscal Year	Total Appropriation	Estimated Total \$ Value of Earmarks	Earmarks as Percent of Total Appropriation	Number of Earmarks Identified^b
2006 ^a	\$399,462	\$9,427.0	2.36 percent	2,847

Sources: Earmarks were derived from the FY2006 Department of Defense Appropriations Act (P.L. 109-148) and the joint explanatory statement of the conference committee (H.Rept. 109-359).

a. Does not include emergency appropriations for Iraq, Afghanistan, Katrina-related operations, and other purposes provided in Title IX and in Division B of the law.

b. Of the 2,847 earmarks identified, 46 are in the text of the law, including 4 that are duplicated in the joint explanatory statement of the conference committee. The remaining 2,801 are in the joint explanatory statement only.

Earmarks Are Siphoning Funds Away from National Security Priorities

The President, as Commander-in-Chief, annually proposes a budget for the Department of Defense based upon the needs of the armed forces as determined by military leaders and those responsible for protecting our nation's security. Earmarks tend to be inserted into bills to support the parochial political interests of members of Congress and

their supporters. The billions spent on earmarks every year are, essentially, siphoned away from other defense priorities for political gain and hamper the military's ability to fulfill its mission.

Last year, the White House Office of Management and Budget (OMB) wrote to the House Appropriations Committee warning that the hundreds of million of dollars set aside for Congressional pork projects would be slashed from a Pentagon program designed to fill some military desk jobs with civilians and would thereby "limit one of [the Defense Department's] most productive initiatives for reducing the strain on our armed forces [and to] free up critically needed troops for the Global War on Terror." The letter said "the committee's additions to the Navy's shipbuilding budget ... and numerous other smaller funding increases, preempts the Department's ability to invest cost-effectively in 21st-century capabilities" and that "The administration is concerned that these reductions could damage the readiness of U.S. forces and their preparedness."

Additionally the pork projects could be used to offset much of the cost of the emergency supplemental bills that have been used to finance the various frontlines in the war against terrorism. The emergency supplemental bill passed by Congress and signed by the President this month provided \$65.8 billion to support Operation Iraqi Freedom and Operation Enduring Freedom. The total amount spent on earmarks in Defense appropriations over the past three fiscal years amounted to approximately \$27 billion—about 40 percent of the amount needed to pay to continue our military operations in these battlefronts in the war against terrorism. Instead, the supplemental bills have relied on "emergency" spending which is not offset and is directly added to our nation's \$8.4 trillion debt.

Furthermore, Chris Hellman, a military policy analyst at the Center for Arms Control and Non-Proliferation, notes that much of that money contained within the emergency supplemental bills will, in fact, replenish the Pentagon programs that were cut to pay for the pet projects. "They rob Peter to pay Paul and rob someone else to pay Peter," he said.

In its report on its fiscal 2001 Defense appropriations bill, the Senate Appropriations Committee wrote: "The committee understands that

medical studies indicate the potential benefits of cranberry juice and other cranberry products in maintaining health. The committee urges the Secretary of Defense to take steps to increase the department's use of cranberry products in the diet of on-base personnel and troops in the field. Such purchases should prioritize cranberry products with high cranberry content such as fresh cranberries, cranberry sauces and jellies and concentrate and juice with over 25 percent cranberry content." In retrospect, one must wonder if these resources and the billions of dollars diverted to other earmarks would have been better spent on anti-terrorism efforts.

Earmarks Are Often Not Needed or Wanted by the Department of Defense

Many Congressional earmarks inserted within Defense appropriations bills are not needed or even wanted by the Pentagon.

Just this week, the *Washington Post* published an article entitled "The Project That Wouldn't Die; Using earmarks, members of Congress kept money flowing to a local company that got \$37 million for technology the military couldn't use."

The article explained:

"Over the past decade Vibration & Sound Solutions Ltd., a small Alexandria defense contractor, has received a steady flow of federal contracts to work on 'Project M'-- \$37 million in all from annual 'earmarks' by congressional supporters such as Rep. James P. Moran Jr. (D-Va.). Project M, a technology involving magnetic levitation, was conceived as a way to keep submarine machinery quieter, was later marketed as a way to keep Navy SEALs safer in their boats and, in the end, was examined as a possible way to protect Marines from roadside bombs. All the applications have one thing in common: The Pentagon hasn't wanted them. ...

"Paul M. Lowell, a civilian Navy employee who for a time oversaw VSSL's work as chief of staff in the Office of Naval Research, said Project M 'seemed to me a solution looking for a problem the Navy might have.'

“But it kept failing to solve any problems the Navy had,’ Lowell said. ‘It looked at first as if it might have some merit. But we found out quickly it didn't really solve the problems. And the company wasn't very responsive and wasn't very robust. . . . It was living entirely’ on grants from Congress.

“Lowell said Project M wouldn't have lasted as long inside the Navy, where scientific projects are subjected to peer review.

“The Navy rejected Project M's use in submarines in 2001. Moran, who said the company's 25 or so jobs were important to his district, and Rep. Duncan Hunter (R-Calif.), now chairman of the House Armed Services Committee, kept money flowing to the company until this year.”

This is not an isolated example.

“Congress said to steer military funds to pet projects; US analysts see war effort hurt,” proclaimed a *Boston Globe* headline regarding the House appropriations committee’s FY 2006 defense appropriations bill.

The article explained:

“Congress, taking advantage of wartime support of national defense spending, is using the military's budget to steer billions to pet projects that apparently have little to do with Iraq or the ongoing war on terrorism, according to congressional documents, government budget officials, and watchdog groups. The projects range from an unneeded warship and a seriously flawed cargo plane the Pentagon tried to cancel to millions each for a Mississippi wastewater treatment plant, a Nevada fire training station, and a Texas research hospital, the documents show. . . .

“Lawmakers have increasingly used the wars in Iraq and Afghanistan as cover to saddle the Pentagon's budget with ‘add-ons’ -- projects that benefit legislators' home districts but are not necessarily related to the military, according to a review of budget documents and interviews with budget specialists. . . .

“The fiscal year 2006 Defense Appropriations Bill adds nearly \$900 million to build a destroyer that the Navy did not request, but would secure jobs at Ingalls Shipbuilding in Mississippi. It adds \$75 million to buy four new helicopters from Sikorsky Aircraft in Connecticut, even though the Army did not ask for them. The appropriations bill provides seed money to buy dozens of C-130J transport planes built by Lockheed Martin in Georgia in the coming years -- even though the Pentagon wanted to stop delivery on the planes after reports of critical design and engineering problems. The National Drug Intelligence Center in Johnstown, Pa., would stay open and get more money even though the Pentagon wanted to close it. It is often unclear in the bill which legislator is responsible for which add-on, but some, such as Representative John Murtha, Democrat of Pennsylvania, have touted their work to constituents back home. Murtha added the money for the drug center.

“There are 20 pages' worth of smaller, sometimes vaguely-described projects that appear to have less to do with the war on terrorism: \$5 million to study mood disorders; \$2.7 million to research a cancer vaccine; \$4 million to find new ways to diagnose heart attacks; \$4 million for something called the "diabetes regeneration project." None of them were included in the Pentagon's initial \$363.7 billion spending request.

“Steve Kosiak, a defense budget specialist at the Center for Strategic and Budgetary Assessments, said that some of the add-on expenses make military sense, but ‘it is hard to figure out what is pork and what is legitimate’ because details are hard to come by; only about 10 percent of the add-ons to the appropriations bill are clear enough to identify as pork without extensive research. ...

“Keith Ashdown, vice president for policy at Taxpayers for Common Sense, a fiscally conservative watchdog group, said Congress is showing ‘a trend to dictate to the military services where and when they should be spending more and more of their money’ in part to further their parochial interests. And he said legislators are showing little restraint: ‘They are giving all the pet items to everybody. The numbers have skyrocketed.’ Ashdown said his analysis found that the ‘parochially and politically motivated earmarks’ totaled 2,671 last year, compared to just 62 in 1980. The analysis also showed that 65

percent of the add-ons were inserted by members of key committees.

...

“The rise is partly blamed on the practice since the Sept. 11, 2001, attacks to pay for the wars in Afghanistan and Iraq through separate ‘emergency’ spending bills so the money is not tallied in the overall federal budget. These bills have provided another opportunity to direct defense dollars to lawmakers’ states or districts while also freeing room in the regular defense bill for more favored programs, according to specialists.

“The \$80 billion war bill passed [last] year was riddled with add-ons, according to several analyses. It included \$10 million to expand wastewater facilities in Swiftwater, Pa. The University of Texas Southwestern Medical Center got \$3 million. A wastewater treatment plant in Desoto County, Miss., got \$35 million, and \$4 million went to the Fire Sciences Academy in Elk, Nev.”

Defense Earmarks Have Been Linked to Corruption and Ethics Concerns

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Last fall, Congressman Randy “Duke” Cunningham resigned from the House of Representatives after he admitted to taking \$2.4 million in bribes from two defense contractors.

On July 6th 2005 according to the Department of Justice, the FBI opened an inquiry into the sale of Congressman Duke Cunningham’s Del Mar, California house. In November of 2003 Cunningham sold his Del Mar home to Mitchell Wade, a defense contractor and Cunningham campaign contributor. Wade paid \$1.7 million for the 3,826 square foot house. When Wade resold the house in October 2004, he took a \$700,000 loss. However, during that span of time home prices in San Diego County rose an average of nearly 25 percent. At the same time, in 2004, Wade’s Company, MZM Inc. tripled its revenue and almost quadrupled its staff, according to the companies own web site.

In November 2005, Cunningham took a plea agreement. Cunningham's plea agreement with federal prosecutors stemmed from the investigation of the 2003 sale of his California home to the defense contractor for an inflated price. Under the agreement, Cunningham acknowledged a conspiracy to commit bribery, mail and wire fraud and tax evasion. He also pleaded guilty to a separate tax evasion violation for failing to disclose income in 2004. Prosecutors said Cunningham had taken bribes from contractors, which enabled him to buy a mansion, a suburban Washington condominium, a yacht and a Rolls Royce. A government statement said Cunningham received at least \$2.4 million in bribes and will forfeit his \$2.5 million mansion and about \$1.8 million in cash, antiques, furnishings and other valuables.

A pre-sentencing memo included a detailed list-- with pictures-- of the house, boat, cars, antiques, rugs and other bribes he took over the previous five years. It contained a copy of a "bribe menu" on Cunningham's personal note card that signified he would trade \$1 million of federal funding for \$50,000, then offer a discount of \$25,000 per million once he had collected \$200,000.

On March 3, 2006, Cunningham was sentenced to 8 years, 4 months in prison.

Federal investigators are examining whether Congressman Jerry Lewis, who is the House Appropriations Chairman, abused his position by steering earmarks to his political allies and former employees. In one case, the Justice Department is investigating whether defense industry lobbyists were urged to contribute money to a political action committee run by Mr. Lewis's stepdaughter, with a good portion of the money used for her own salary.

Another aspect of the probe is said to be whether Mr. Lewis steered hundreds of millions of dollars in earmarked projects to the clients of his friend, campaign contributor and former House colleague Bill Lowery. One of Mr. Lowery's clients is an unindicted co-conspirator in the bribery scandal that sent Cunningham to jail for securing earmarks for defense contractors in exchange for personal gifts.

According to the *Wall Street Journal*, “The lobbying firm’s defense clients receive hundreds of millions of dollars in federal contracts from Appropriations. Two of the top rainmakers at Mr. Lowery’s firm have been former Appropriations staffers who worked for Mr. Lewis. This week, the Los Angeles Times reported that Mr. Lowery's firm paid one of those staffers, Jeffrey Shockey, nearly \$2 million when he left the firm and returned to Appropriations when Mr. Lewis became Chairman in 2005. *Roll Call* newspaper also reported this week that Mr. Shockey's former lobbying firm received more than \$1 million in higher fees from government contractors shortly after he returned to Capitol Hill. Mr. Lewis recently hired a top criminal defense team and denies any wrongdoing. He says that all earmarks and contracts went for projects with the ‘highest standards of public benefit.’”

Prior to becoming chairman of the Appropriations Committee, Mr. Lewis was the chairman of the defense appropriations subcommittee, which oversees more discretionary spending than any other congressional body. During his tenure as subcommittee chairman, Lewis “brought us the biggest increase in defense earmarking in history,” according to Taxpayers for Common Sense.

The Copley News Service reports that, “Representative Jerry Lewis has green lighted hundreds of millions of dollars in federal projects for clients of one of his closest friends, lobbyist and former state Congressman, Bill Lowery. Lowery, the partners at his firm and their clients have donated 37 percent of the \$1.3 million that Lewis' political action committee received in the past six years. The Lewis-Lowery relationship, however, is remarkable for the closeness and mutual dependence of the powerful appropriations chairman and the ambitious lobbyist, who served together on the appropriations committee from 1985 until Lowery left Congress in 1993. They've even exchanged two key staff members, making their offices so intermingled that they seem to be extensions of each other.”

The *Wall Street Journal* notes that, “even if all of this is technically legal, the cronyism and revolving door between Congress and lobbyists look terrible” and that “more broadly, the Lewis episode underscores the link between Member-steered earmarks and the opportunity for corruption. Convicted super-lobbyist Jack Abramoff openly boasted that earmarks were his political currency and he

called the Appropriations Committee that doles them out a ‘favor factory’ for lobbyists.”

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