

The Government Reform Committee National Security Subcommittee holds a hearing to examine a new GAO study on waste and inefficiency in the Defense Department. The report finds that the Department has improperly disposed of valuable equipment at a cost to taxpayers of more than \$3.5 billion.

Rep. Waxman's Statement:

Mr. Chairman, I am glad the Subcommittee is holding this hearing on procurement problems at the Department of Defense. And I commend you for your leadership on this issue.

I am going to be blunt in my remarks. This Administration is squandering literally billions of dollars on wasteful federal contracts. Private contractors are reaping a bonanza, while taxpayers are being gouged. Whether the explanation is gross incompetence or deliberate malfeasance, the result is the same: taxpayers are being vastly overcharged.

The litany of Administration mismanagement of federal contracts is long and costly. The value of no-bid contracts has skyrocketed under the Bush Administration. Oversight of federal contracts has been turned over to private companies with blatant conflicts of interest. And when government auditors do find abuses, their recommendations are ignored.

Nearly every week, the papers are full of stories of contract abuse. The Department of Homeland Security has wasted hundreds of millions of dollars on security contracts that have produced virtually no results. The FBI has spent \$170 million on "Virtual Case File" software that doesn't work. And in Iraq, Halliburton has overcharged by hundreds of millions of dollars, yet the Administration continues to shower the company with federal funds, bonuses, and special treatment.

Unfortunately, these are not isolated incidents: they are a pattern of wanton abuse and mismanagement. In today's hearing, we will hear about a particularly egregious example of abuse. GAO tells us that the Pentagon has squandered \$3.5 billion in valuable new equipment by selling it off at fire-sale prices.

In Iraq, our soldiers are dying because we cannot find the resources to buy the proper armor for our troops and their vehicles.

But here in the United States, the Pentagon has sold off billions of dollars worth of medical equipment, power-supply units, helicopter and vehicle parts, combat boots, and even military medals at salvage prices.

And these examples are the rule, not the exception. According to GAO, the Defense Department gets fair value for surplus federal property just 12% of the time. The rest of the time, the Defense Department has destroyed perfectly good equipment or sold it for pennies on the dollar.

Congress has a responsibility to do oversight to prevent these abuses. That is why I commend Chairman Shays for holding this hearing.

But we also need legislation. For this reason, I will soon be introducing the Clean Contracting Act to stop these indefensible procurement and disposal practices.

I thank the Chairman and Ranking Member for requesting the GAO report that is the subject of today's hearing. And I especially want to thank Greg Kutz and the other members of the GAO investigative team for on this important report. **Documents and Links**

- [GAO Report on DOD Waste](#)
- [GAO Testimony](#)