

Press Release

**JUNE 7, 2005**

**SCHAKOWSKY CONDEMNS PENTAGON WASTE AND MISMANAGEMENT**

**WASHINGTON, DC -- Rep. Jan Schakowsky (D-IL) today released a statement on a new GAO report detailing management breakdowns and waste at the Pentagon. Rep. Schakowsky, a Chief Deputy Democratic Whip, requested the report, titled "DOD Excess Property: Management Control Breakdowns Result in Substantial Waste and Inefficiency." Schakowsky served as ranking member of the Government Reform Subcommittee on Government Efficiency, Financial Management, and Intergovernmental Relations during the 107<sup>th</sup> Congress, and was a member of the National Security Subcommittee during the 106th and 107th Congresses.**

**The full text of Rep. Schakowsky's statement is below, as prepared for delivery:**

**"Whenever Congress shines the light on any aspect of the Department of Defense's (DoD) financial management, we uncover more and more waste and abuse that is costing American taxpayers billions of dollars and the subject of today's hearing is a just another example of that kind of waste.**

**The report issued today by the Government Accountability Office (GAO), "DoD Excess Property: Management Control Breakdowns Result in Substantial Waste and Inefficiency," highlights the Defense Department's mismanagement of 'excess inventory' that this committee has already addressed on numerous occasions. Yet, today we will hear that DoD's fiscal house is still not in order. Enough is enough.**

**In this most recent report GAO found that between fiscal years 2002 and 2003 alone, DoD purchased at least \$400 million in new materials, instead of reutilizing the same "A-condition" excess commodities that were already in stock. This report identifies the disposal of over 22 million new, unused, and excellent condition excess commodity items that were identical to items that the Defense Logistics Agency (DLA) continued to purchase, stock, or both, resulting in unnecessary waste of DOD resources and taxpayer dollars. Additionally, of \$18.6 billion in excess commodity disposals in fiscal years 2002 and 2003, \$2.2 billion in quality unused items were transferred and donated outside of DOD, sold for pennies on the dollar, or destroyed.**

**At the same time our soldiers are risking their lives in Iraq, our defense forces are still lacking sufficient up-armored Humvees, and scores of military families have been forced to purchase body armor for their children. While the Bush Administration is asking for record Defense spending increases, Secretary Rumsfeld and those responsible for logistics and material readiness at DoD, are letting billions of dollars that could be used to protect our troops and our country go to waste. The time is overdue to change the culture, and the leadership, at the Pentagon.**

**The waste and abuse at DoD are affecting our country financially, and creating a threat to our national security. Missing property reported by the Defense Reutilization and Marketing Offices (DRMO) included 5 guided missile warheads. Additionally, losses reported by the Defense Logistics Agency (DLA) included thousands of sensitive military items, such as weapons systems components and aircraft parts. Our excess military property is stored in locations such as Kuwait, Turkey, the U.A.E., and Eastern Europe. Security lapses outside the U.S. pose an even greater risk to our armed forces and the international community.**

**It is our patriotic duty to hold accountable those who allow such egregious lapses in national security and fiscal responsibility to occur. Those who refuse to do so are endangering the safety of the men and women who risk their lives to protect us, and endangering the very safety of each and every one of us in this country. With all of the new homeland security needs our nation is facing, we cannot afford to waste a single penny that might otherwise be making Americans and our brave soldiers more secure.**

**Time and again we hear from DoD that it is going to fix specific problems.□ But we need the Pentagon to fundamentally change its overall culture of waste, fraud and abuse.□ Simple mistakes such as incorrect inventory coding, insufficient oversight at supply depots and logistical offices, and foolish mistakes such as leaving DoD property outside**

**in the elements to be destroyed by wind and rain are not difficult problems to overcome and are simply not acceptable.**

**We have the greatest and most powerful military in the world, yet we possess inadequate processes and outdated, nonintegrated inventory systems. The GAO found that agencies within the DoD do not share information and their inventory systems are obsolete. Amazon.com can manage to inventory and distribute millions of items every year without millions of items being improperly destroyed, mislabeled or misplaced. None of their products jeopardize our national security. Why can't the Department of Defense manage such efficiency?**

**The time has come once and for all to fix what is clearly broken. I want to know when there is going to be a systemic fix to this pattern of waste, fraud and abuse. The abuses continue to exist and thrive and come on top of the fact the Department of Defense already cannot account for \$1.2 trillion in financial transactions. I hope that this is the year when this committee and this Congress can force the Defense Department to fully implement the recommendations of the GAO, and begin to bring a sense of efficiency and responsibility to the Pentagon's management. Our troops and constituents deserve better."**