

SEPTEMBER 19, 2002

SCHAKOWSKY:

"IF CONGRESS IS TO BE CONVINCED THAT THE BUSH ADMINISTRATION IS SERIOUS ABOUT MANAGEMENT ACCOUNTABILITY, THE WHITE HOUSE CAN START BY CLEANING UP THE MESS AT THE PENTAGON"

WASHINGTON, D.C. - During a Congressional hearing today on government accountability, U.S. Representative Jan Schakowsky (D-IL) said, "If Congress is to be convinced that the Bush Administration is serious about management accountability, the White House can start by cleaning up the mess at the Pentagon." The Defense Department's own Inspector General has found that DoD cannot account for \$1.2 trillion.

Schakowsky, who is the ranking member of the Government Reform Subcommittee on Government Efficiency, Financial Management, and Intergovernmental Relations, added, "We have to make sure that this is not an effort to single out programs that are political targets like welfare and public support projects. It must not be an effort to go after the low hanging fruit and not go after the real bad actors that waste billions. If we don't clean up financial management at the Department of Defense, then all of the rest of this is a wasted effort."

"Some criticize as unpatriotic those who are questioning blanket budget increases for the DoD during a time of war. I believe just the opposite is true. Those who refuse to hold the Defense Department accountable 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 and our constituents in this country," Schakowsky concluded.

Schakowsky has worked to uncover accounting fraud and financial mismanagement at the Pentagon that is costing the taxpayers billions of dollars each year. For example, through widespread abuse with the credit and purchase card programs, taxpayer dollars are being used to purchase jewelry, cosmetics, clothing from Victoria's Secret, and escort services.

Below is the text of Schakowsky's remarks during today's subcommittee hearing.

Thank you Mr. Chairman for calling this hearing. As one of our witnesses points out, the primary result of the Results Act has been deforestation. Agencies produce glossy reports full of performance goals, and little changes. Those goals are often so general that they are meaningless. One agency had as a performance goal to complete its plans for work to be done in the following year. For another project the goal was to achieve a customer satisfaction rating of 80%.

I share the concerns that these performance measures are not achieving the intentions

of the legislation. However, I am not sure that linking vague measures to the budget process will achieve better government and I have strong concerns about the objectivity of that process.

It is all well and good to hold hearings to talk about accountability and the budget process. It is particularly important at a time when the country is faced with a crisis in corporate responsibility. However, we have to make sure that this is not an effort to single out programs that are political targets like welfare and public support projects. It must not be an effort to go after the low hanging fruit and not go after the real bad actors that waste billions. If we don't clean up financial management at the Department of Defense, then all of the rest of this is a wasted effort.

The newspapers continue to be full of stories of the accounting failures at Enron, WorldCom, and Tyco. There are still stories about document shredding at Arthur Anderson. For years we have asked the government to behave more like businesses, but I am afraid the Department of Defense chose the wrong role models.

Last year, the Inspector General reported that the Defense Department had \$1.2 trillion in expenditures that could not be properly accounted for in the annual audit. GAO has repeatedly testified that the failure of the Defense Department to be able to audit its books is what is keeping the entire government from being able to have a clean audit.

A few weeks ago, Rep. Shays and I held a hearing where it was revealed that DOD was selling surplus chemical protection suits on the internet for \$3 at the same time it was purchasing those same suits from the manufacturer for \$200.

Mr. Horn and I have held hearing after hearing documenting the waste, fraud, and abuse of government credit cards throughout the Defense Department.

At one of our first hearings on credit cards, the GAO testified that the Navy policy was to not inventory items that are easily stolen. Quite frankly I found that hard to believe. At our July hearing, I asked Dee Lee to explain the policy. She said "The policy was always that ... sensitive property should be recorded and tracked." The Navy, however, continues to argue that palm pilots and digital cameras don't have to go on an inventory list. I guess the Navy performance goal is buy, buy, buy.

If the performance measure was balancing the books, the Department of Defense would fail.

If the performance measure was accounting for property, the Department of Defense would fail.

If the performance measure was responsible management of procurement through government credit cards, the Department of Defense would fail.

At the same time, DOD is instituting an entirely new procurement system that eliminates goals entirely. In the guise of "reform," DOD will no longer lay out requirements that weapons systems have to meet, let alone time lines by which they have to meet them. Instead, DOD will allow weapons programs to build whatever they can. Then, every two years or so, DOD will check in to see whether the technology has matured enough to deploy something. This is what the Pentagon is doing with missile defense, and it has resulted in a giant slush fund with absolutely no accountability. This is the model DOD wants to copy for all other programs.

I am pleased that missile defense is one of the programs on the list today. However, I am surprised. In July, Thomas Christie, Director of Test and Evaluation for the missile defense program testified before one of our subcommittees that there are no objective measures against which the missile defense program will be judged. This is an \$8 billion a year program with no objective performance measures.

This morning, the Defense News, reported that Secretary Rumsfeld was developing a plan to streamline the legislative requirements on the Defense Department to make the Department more efficient. Notably absent from this plan were any specifics on improving accountability at the department.

I remain skeptical about linking vague measures of performance to the budget process. However, if Congress is to be convinced that this administration is serious about management accountability, it can be done by cleaning up the mess at DOD.

Some criticize as unpatriotic those who are questioning blanket budget increases for the DoD during a time of war. I believe just the opposite is true. Those who refuse to hold the Defense Department accountable 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 and our constituents in this country.