



# Wasted Dollars in the Pentagon Budget

**The Pentagon has lost, wasted, and misspent more than the total budgets of 5 other federal departments.\***

**Cost Overruns.** The Department of Defense (DoD) has 98 major weapons systems in its “portfolio.” According to the Government Accountability Office (GAO), the cost of those weapons has grown by \$135 billion beyond initial estimates, just in the last two years. More than half of the jump in cost comes from increased prices, rather than increased quantities. The Joint Strike Fighter program, for example, which is intended as a replacement for all the jets used by the Air Force, Navy and Marines, was a \$284 billion program – and is now expected to cost \$34 billion more. The GAO reports that 80 percent of the weapons programs are paying higher unit prices than originally bid.



Even when a program is being reduced or phased out, the costs stay high. Orders for copies of the F-22 Raptor were reduced by 70 percent, but total acquisition costs decreased by only 14 percent. Per unit costs nearly tripled, from \$139 million to \$412 million per airplane. *(For more information, see “Defense Acquisitions: Assessments of Selected Weapons Systems,” GAO-11-233SP, March 29, 2011, <http://www.gao.gov/assets/320/317081.pdf>.)*

**Losing Track of Inventory.** The DoD Inspector General released two reports last year describing how the Army has overpaid millions of dollars for spare parts. For an \$8.00 helicopter door part, for example, the Army paid \$284.00. In another instance, the Army paid five times too much for a \$1,500 rotor part that was already in stock in military warehouses. Sikorski, the manufacturer of the helicopter, was allowed to purchase contract items from the inventory held by the Defense Logistics Agency, and resell them to the Corpus Christi Army Depot to meet contract requirements, at an 85% markup. Sikorski made an excessive profit of nearly \$1 billion between 2008 and 2010. *(For more information, see: <http://www.dodig.mil/Audit/reports/fy12/RIB%20DODIG-2012-004.pdf>)*

The DOD Inspector General and the GAO estimate that, at any given time, there is roughly a billion dollars’ worth of spare parts on order that the Department simply does not need, but the Pentagon inventory system hasn’t allow for the order to be changed. This is in addition to about \$ 5 billion worth



of unneeded spare parts already in the military warehouses. *(For more information, see “Defense Logistics Agency Needs to Expand on Efforts to ... Manage Spare Parts,” <http://www.gao.gov/new.items/d10469.pdf>)*

Guide Assembly for Blackhawk Helicopter, \$1,449.41 each.  
4,047 in stock when 90 more were to be ordered from Sikorski.

**Losing Track of Leases.** The Department of Defense incurred \$720 million in late fees for failing to return shipping containers when their leases were up. The hundreds of millions in late fees were in addition to the cost of the actual leases. Senator Tom Carper, as chair of the Senate Committee on Homeland Security and Government Affairs, Subcommittee on Federal Financial Management recently wrote to Deputy Secretary of Defense Ashton Carter, urging the Department to find ways to keep better track of leased property. (For more information, see: <http://www.carper.senate.gov/public/index.cfm/2011/12/senators-urge-pentagon-to-address-millions-in-late-fees-from-leased-shipping-containers>)



**Losing Track of Money.** The Commission on Wartime Contracting reported last fall that there was an estimated \$31 to \$60 billion in DOD waste and fraud related to the Iraq and Afghanistan wars. The Commission further described these losses as largely avoidable. The Inspector General issued a report specifically on payments made to contractors and others in Afghanistan, without information, controls, or reporting. (For more information, see <http://www.dodig.mil/Audit/reports/fy12/DODIG-2012-023.pdf>)

**Shoddy Bookkeeping.** The DoD Inspector General recently released a report on the Department's inability to recoup up to \$200 million in delinquent debts due to poor, but basic, record keeping. As of June 2009, contractors owed DoD \$3.1 billion. About \$200 million of the uncollected debt was not in dispute and was considered collectible, but DoD offices only had complete information on the contractors for about half of the accounts. (For more information, see "DFAS (Defense Finance and Accounting Service) Needs More Effective Controls Over Managing DoD Contractor Debt," <http://www.dodig.mil/Audit/reports/fy11/11-084.pdf>)

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\*The combined FY2011 budgets of the Departments of State, Interior, Commerce, Justice and Energy equaled about \$97 billion. According to the above reports, a one-year loss for the Pentagon from these identified problems equaled about \$102 billion.

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