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# Congress of the United States

## House of Representatives

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### Opening Statement of Rep. Henry A. Waxman Chairman, Committee on Oversight and Government Reform Joint Hearing on Oversight of Defense Department Acquisitions April 29, 2008

Today's hearing is the Committee's tenth hearing this Congress on waste, fraud, and abuse in the federal government. The subject of today's hearing is weapons acquisitions programs at the Department of Defense.

This hearing was suggested by Ranking Member Tom Davis. I commend him for his bipartisan leadership on this important issue.

We are holding this hearing for a simple reason: Weapons programs at the Defense Department are one of the biggest sources of wasteful spending in the federal budget.

The Department of Defense will spend hundreds of billions of dollars over the next five years buying weapon systems needed for our armed forces. No one questions the need to give our troops the best possible equipment.

But the American taxpayers are footing the bill for these weapons programs, and no one seems to be looking out for their interests. Billions of dollars have been squandered due to waste and mismanagement at the Defense Department.

According to a recent report from the Government Accountability Office (GAO), cost overruns in major weapons acquisitions programs now reach nearly \$300 billion. At the same time, delivery schedules are slipping. GAO says that delays of two years or more are the norm for weapons systems.

The contractors and senior Defense officials say that some cost increases and delays are inevitable given the complexity of building new weapons systems. I accept that.

But that doesn't explain the persistent level of waste and mismanagement that GAO identifies. In 2001, a GAO report found "pervasive problems" in weapons systems acquisition, including poor planning, inadequate requirements, unrealistic cost estimates, and the use of high-risk acquisition strategies.

Today — seven years after that report was written — GAO says that nothing has changed.

There seems to be absolutely no accountability to the taxpayer. Despite report after report documenting mismanagement in weapons acquisition, nothing seems to improve: the contractors keep getting rich, senior Pentagon officials keep receiving lucrative job offers, and the taxpayer keeps getting stuck with the check.

In preparation for this hearing, my staff examined in detail one of the weapons acquisition programs identified in the GAO report: the Marine Corps' Expeditionary Fighting Vehicle (EFV). I ask that the staff report on the EFV be included in today's record.

When the EFV project was launched in 1996, the goal was to build a new state-of-the-art amphibious tank for use by the Marines. But the program has been so badly mismanaged that the Defense Department now says they have decided to start the project over again from essentially square one.

The story of the EFV acquisition is an embarrassment. Six years ago, Defense Department auditors called the project a "paper dream" and said "management does not have a handle on reality."

They pointed out elementary flaws in the Marine Corps acquisition strategy, such as the failure to set a realistic schedule, the reliance on an expensive "test-fix-test" approach, and the lack of anyone with overall responsibility for integrating the various components of the project.

But when a second set of auditors looked at the program four years later, they told us they saw "no improvement." They found "disarray, uncoordinated design decisions, reliability issues, and ... general lack of planning and status monitoring."

A key milestone for the EFV occurred in 2006 when the vehicle was subject to a battery of tests called an "Operational Assessment." The EFV failed miserably. The prototype vehicles experienced over 600 breakdowns and could operate for only four hours before requiring extensive maintenance.

We have obtained a copy of the report on the operational assessment. The list of problems it describes is nearly endless. The vehicles weighed too much. In the water, they could reach cruising speeds only if the Marines on board left their equipment behind. On land, the gun turret bent and broke from the stress of cross-country movement.

There was "poor crew visibility during water operations" and the driver's vision was "periodically washed out by water spray." The ammunition feed jammed and crews were "unable to identify vehicle targets." The vehicles were so noisy that the Marines on board had to wear both earplugs and ear muffs and could not respond to voice commands.

The contract with General Dynamics to develop the prototype EFVs cost the taxpayer \$1.2 billion. But now this investment is going to be scrapped. Last year, the Marine Corps announced that the EFVs performed so poorly that the entire system development and demonstration process would have to be redone. This means additional costs to the taxpayer of nearly \$1 billion or more and at least three more years of delay.

While the project has been a fiasco for the taxpayer, there has been at least one beneficiary: General Dynamics, the prime contractor. The contract for building and testing the prototype was a cost-plus contract, so the company got paid even though the vehicle flunked its tests. Incredibly, General Dynamics even received over \$60 million in bonuses for its work on the development contract.

What's more, the Marine Corps says that General Dynamics will now get the new contract for \$700 to \$800 million to build another prototype.

The signal that sends is unmistakable: no matter how bad a job you do, there will be no accountability.

As we will learn today, the EFV experience appears to be the rule, not the exception. The GAO report that will be the focus of our hearing today looked at 72 weapons programs now underway at the Department. Not every program was as bad as the EFV project. But not a single one had followed the "best practices" recommended by both GAO and the Department of Defense.

We need to find a new and better way to procure weapons for our military. Everyone on this Committee wants our military to have the equipment it needs to protect our nation. But we simply cannot afford to continue to waste hundreds of billions of dollars on poorly planned and mismanaged weapons programs.

I hope our witnesses today will be able to help us understand what has gone wrong in these programs and what steps can be taken to protect the interests of the American taxpayer.