

Castle Exposes Fleecing of American Taxpayer Dollars in Defense Industry -- July 10, 2006

Unveils plan to end wasteful, unearned defense contract bonuses and instead spend money on protection of U.S. soldiers

WILMINGTON, DE -- Delaware Congressman Mike Castle, a former Member of the House Select Committee on Intelligence, today unveiled his plan to rein in the estimated billions of dollars in unearned bonuses and incentive fees in the defense contracting industry, which are shortchanging taxpayers and endangering soldiers.

"It is crucial that we make certain that our government is maximizing its return on investment and ensuring taxpayers' dollars are being spent effectively to provide for the security and prosperity of the American people. Unfortunately, according to the investigative arm of Congress, billions of the \$500 billion in annual taxpayer funds allotted to the Pentagon are wasted or abused by unscrupulous contractors and inattentive administrators.

"The acquisition process of the U.S. Military, which undoubtedly still remains the best in the world, has increasingly been hindered by problems such as dramatic cost increases, late deliveries, and significant performance shortfalls. I am working to bring sunshine and accountability to these defense contracts and to ensure this funding is properly being used to protect our soldiers," Castle said.

"For example, this funding could be better used to purchase 5 million units of body armor, 50 thousand up-armored Humvees, 22 million kevlar helmets, or, 3 million pairs of night vision goggles."

CASTLE'S PLAN :

1. U.S. SENATE MUST PASS CASTLE AMENDMENTS TO ENSURE NO FUNDING GOES TOWARDS WASTEFUL PROCESS -- Castle has passed two amendments to require DOD to develop a strategy for linking incentives to specific outcomes, such as meeting cost, schedule and capability goals and to prohibit funding for bonuses for defense contractors who fail to meet the basic requirements of their contract.

2. GREATER TRANSPARENCY THROUGH PUBLIC DATABASE -- Castle is pushing for more sunlight on the government contracting practices and is supporting legislation to require all government contracts and grants to be posted on a public database, searchable over the Internet.

3. COMPETITION BETWEEN CONTRACTORS -- Castle opposes heavy reliance on single-bid and no-bid contracts, which are awarded without competition between companies. Castle is pushing to change government contract bidding process to allow greater accessibility and improved competition between small and large contractors.

4. FOCUS ON COST ASSESSMENTS AT OUTSET OF PROGRAM -- Castle is pushing for greater attention and independent cost assessments at the outset of a program so defense contractors and government officials will establish realistic expectations and schedules.

Specifically, Castle focused on both lower cost equipment and larger scale weapons programs:

- A machine bolt originally priced at \$40, bumped up to \$1,887 by the contractor.

- A self-locking nut originally priced at \$2.69, increased to \$2,185.

- A \$683 radio, inflated by the contractor to \$11,701.

- The F/A 22 Raptor Stealth Fighter -- Originally priced at \$35 million per plane and now estimated at \$337 million per plane.

- DD(X) Destroyer -- Originally begun in 1996, now will not be ready before 2015, at a cost of \$3.3 billion per ship, instead of \$1.7 billion per ship.

- Space-Based Infra-Red Warning System - Grown from original estimate of \$4 billion to over \$10 billion.

A copy of the report released in April 2006 by the United States Government Accountability Office (GAO), outlining the billions of dollars wasted through the Department of Defense can be found at <http://www.gao.gov/new.items/d06409t.pdf>.