

WASTE, ABUSE & MISMANAGEMENT: CALCULATING THE COST OF DHS FAILED CONTRACTS

On Wednesday, September 17, 2008, the Subcommittee on Management, Investigations and Oversight will hold a hearing entitled: “Waste, Abuse and Mismanagement: Calculating the Cost of DHS Failed Contracts.” The hearing will be held at 2:00 p.m. in 311 Cannon House Office Building.

Spending on federal contracts has soared by billions of dollars since the inception of the Department in 2003. Concurrently, there has also been a proportionate surge of waste, abuse, and mismanagement. Some of the money that has been spent has been well worth the price that was paid and has aided in securing America; however, billions of dollars have been spent on contracts for programs that have been delayed, deferred, and/or discontinued resulting in a waste of taxpayer money. Unfortunately, the wasting of these funds was not haphazard or as a result of conditions that could not have been foreseen. On the contrary, the Department has failed to implement a “lessons learned” approach, which has resulted in the same mistakes being made over and over again.

The financial cost of DHS failed contracts, as illustrated below, is close to **\$15 billion**. However, this figure only represents the failed contracts illustrated herein. There have been numerous other contracts that have been delayed, discontinued or deferred after millions of dollars have been spent. The financial cost; however, does not take into consideration the cost to our homeland security. While Americans continue to wait for more secure borders, safer aviation measures, and a homeland security department that delivers real solutions, the Department continues to mismanage funds, enter into contracts without fully considering the ramifications and turn government functions over to contractors with competing interests.

The table below illustrates a mere fraction of the costs, which can never be recouped, of homeland security contracts that receive a failing grade.

PROGRAM	PROBLEMS	COST
SBI <i>net</i> (Boeing)	Lack of Defined Requirements; Wasteful Spending; Mismanagement; Poor Contractor Oversight	\$1.549 billion
Secure Flight (Lockeed Martin, IBM, MITRE, EagleForce, et al.)	Lack of Defined Requirements, Mismanagement, Legal Noncompliance	\$200 million
Deepwater (Lockheed Martin & Northrop Grumman)	Lack of Defined Requirements; Wasteful Spending; Mismanagement; Poor Contractor Oversight	\$351.1 million
EMERGE2 (Bearing Point)	Lack of Defined Requirements; Wasteful Spending; Mismanagement	18.3 million
TWIC (Lockheed Martin)	Lack of Defined Requirements; Wasteful Spending; Mismanagement	\$103 million
HSIN (General Dynamics)	Lack of Defined Requirements; Mismanagement; Poor Contractor Oversight	\$91 million
ADVISE (Lawrence Livermoore Labs)	Lack of Defined Requirements, Mismanagement, Legal Noncompliance	\$42.5 million
US VISIT (Accenture et. al.)	Lack of Defined Requirements; Wasteful Spending; Mismanagement	\$10 billion
Temporary Housing for Katrina Evacuees (Bechtel National, Inc., Fluor Enterprises)	Mismanagement, Wasteful Spending	\$200 million
Test and Hire Airport Passenger Screeners (NCS Pearson, Inc.)	Lack of Defined Requirements; Wasteful Spending; Mismanagement	\$741 million
Installation of Baggage Screening Machines (Boeing)	Wasteful Spending, Mismanagement	\$1.2 billion
		\$14.495 billion

The Subcommittee will hear testimony from DHS and other government officials in addition to testimony from contracting experts, who will offer solutions and best practices that can be implemented as the Department moves forward into the next Presidential administration.