

Opening Statement of Senator George Voinovich, Chairman  
Subcommittee on Oversight of Government Management,  
The Federal Workforce and the District of Columbia  
April 28, 2005

“Waging War on Waste:  
An Examination of DoD’s Business Practices”

The Subcommittee on Oversight of Government Management will come to order. This afternoon’s hearing is entitled, “Waging War on Waste: An Examination of the Department of Defense’s Business Practices.”

The rules of this Committee give this Subcommittee jurisdiction over “The management, efficiency, effectiveness and economy of all departments, agencies and programs of the federal government.”

It is pursuant to this broad oversight jurisdiction that this Subcommittee is holding the first of what will be a series of oversight hearings on the programs and operations of the Department of Defense that have been designated as “high-risk” by the Government Accountability Office. High-risk programs and operations are considered especially vulnerable to waste and mismanagement.

This past January, GAO designated eight areas of DoD as high-risk. Many of these problem areas were first identified in the 1990s. In addition, there are six governmentwide high-risk areas that DoD shares with all federal agencies.

Today’s hearing focuses specifically on a new area designated by GAO, “DoD’s Approach to Business Transformation.” This particular high-risk area impacts many facets of the department’s business systems and program areas, including business systems modernization, support infrastructure management, financial management, weapons systems acquisitions, contract management, and supply chain management. In other words, improvements in this high-risk area are essential to ensure that the department manages its people, systems, and programs in an efficient manner.

We are holding this hearing because these high-risk areas, and the resources and management efforts they consume, degrades the ability of our armed forces to perform their missions as effectively as possible. We are holding this hearing because the men and women serving abroad and fighting for our freedom and interests deserve the best support possible from the agencies responsible for those missions. I think there would be universal agreement that, despite our current best efforts, they are not getting it. Let me also say at the outset that we are all in this together. We are all interested in reducing inefficiency at the Department of Defense and providing the best possible support to the warfighter.

As I mentioned at the Subcommittee’s first hearing on the high-risk list in February, I intend to address the management challenges confronting the Department of Defense in a manner similar to how I have addressed the federal government’s human capital challenges. In fact, the management challenges at DoD remind me of the government’s human capital challenges in a key respect: it is a case of good people caught in a flawed system. At DoD these challenges are exacerbated by the enormous scope of its operations, involving millions of people spanning the globe.

This Subcommittee will examine and explore the management challenges at DoD. Once we have a firm grasp of the challenges, I will work with Senator Akaka and all other interested parties in trying to find solutions. Legislation may be required. Indeed, just last week Senator Akaka and I joined Senator Ensign in introducing S.780, which would establish a Deputy Secretary of Defense for Management at the Department of Defense. Other solutions may require new approaches to doing business, and can be done internally in the executive branch.

When Secretary of Defense Rumsfeld began his efforts to “transform” the Department of Defense, he meant far more than just the way the armed force fight in the field. He also meant the way the Pentagon itself works on a daily basis. Ironically, Secretary Rumsfeld began his own campaign to transform the defense bureaucracy of September 10, 2001. At a speech at the Pentagon, Secretary Rumsfeld stated,

“The modernization of the Department of Defense is a matter of urgency -- in fact, it is a matter of life and death, ultimately, every American’s.”

He went on to say “this effort will succeed because it must. We really have no choice. It is not, in the end, about business practices, nor is the goal to improve figures on the bottom line. It’s really about the security of the United States of America -- our job is defending America, and if we cannot change the way we do business, then we cannot do our job well.”

In our invite letter to Secretary Rumsfeld, Senator Akaka and I asked for DoD’s response to GAO’s assessment, as well as an outline of DoD’s comprehensive plan to address these challenges. We also wanted to learn the department’s views on establishing a non-political chief management officer to oversee the department’s operations. Based upon the testimony of Under Secretary Wynn before the Armed Services Committee on April 13, DoD is opposed to the idea. As this concept has not yet been fully explored, this strikes me as a premature judgment.

It is my hope that through oversight we can affect positive change for the Defense Department so that the men and women who defend our nation get the best support possible.

I now yield to my good friend Senator Akaka; he is far more familiar with these issues than I am due to his service on the Armed Services Committee. Thank you for your leadership on this issue.

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