

# Executive Memorandum

The Heritage Foundation

214 Massachusetts Avenue, N.E. Washington, D.C. 20002-4999 (202) 546-4400

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**RUSH!**

## THE FLAWED GAO STUDY ON "WASTE" IN THE PENTAGON BUDGET

On September 6, 1994, the General Accounting Office (GAO) issued a study identifying "potential reductions of about \$4.5 billion to the [Pentagon's]...1995 Operations and Maintenance budget...."<sup>1</sup> The study focuses on such issues as the cost of maintaining commissary stores, transient housing for troops transferring from one duty station to another, and the inappropriate use of funds generated from the sale of recycled material.

The Pentagon's Operations and Maintenance (O&M) budget is supposed to be used to pay for the day-to-day operations of the U.S. military, including routine maintenance of ships, tanks, and aircraft. The GAO is correct in concluding that there are funds in the operations and maintenance account that do nothing to improve military readiness. However, this does not mean that combat readiness is being adequately funded. In fact, the opposite is the case: declining funding for training, maintenance, and military operations is beginning to erode the combat readiness of U.S. armed forces.

**The Underfunding of the Defense Budget.** A study released in July 1994 by the GAO concluded that the Pentagon five-year defense plan will be underfunded by \$150 billion.<sup>2</sup> While the most severe impact of this shortfall will not be felt for a couple of years, defense cuts nonetheless are already weakening combat readiness. A "blue ribbon" panel of retired flag officers established by former Secretary of Defense Les Aspin warned in a June 1994 study that "'pockets' of unreadiness" already have begun to appear. For example, the amount of time units are away from their home ports or bases has grown, which has increased suicides and family violence among service members. Moreover, unplanned contingency operations, including those in Haiti, Bosnia, and Somalia, are absorbing operations and maintenance funds so that training and regularly scheduled maintenance are being deferred. Finally, the backlog in maintenance is growing, particularly in the Marine Corps and Army.

The GAO's September study conclusions concerning waste in the operations and maintenance budget obscures the fact that O&M spending has been steadily declining. While it has been reduced by less than other elements of the defense budget, O&M spending is still down by 16 percent in real terms since 1986, when the military build-up initiated by President Reagan peaked.

**The Real Source of Pentagon Waste.** The authors of GAO's September study conclude that some of the "wasted" \$4.5 billion could be saved by closing unnecessary commissary stores, charging fees for the use of welfare and recreation facilities by service members, and closing transient housing for troops between duty stations. However, there is a better source of savings: the pork barrel spending on non-defense social programs in the Pentagon budget. In a 1993 report, the GAO concluded that the Department of Defense has spent \$10.4 billion on non-defense items since 1990.<sup>3</sup> Some of these included such congressional pork barrel projects as study-

1 U.S. General Accounting Office, "1995 BUDGET: Potential Reduction to the Operation and Maintenance Programs," September 6, 1994.

2 U.S. General Accounting Office, "FUTURE YEARS DEFENSE PROGRAM: Optimistic Estimates Lead to Billions in Overprogramming," July 29, 1994.

3 U.S. General Accounting Office, "DoD BUDGET: Department of Defense Support for Domestic Civil Activities," November

ing the environmental impact on Indian lands (\$8 million), the World University Games (\$6 million), and the Summer Olympics (\$2 million). Rather than cutting programs that directly affect the lives of dedicated men and women in uniform, the Clinton Administration's first priority should be slashing the wasteful social spending in the defense budget that has nothing at all to do with the morale or combat readiness of U.S. armed forces. After that is done, other second priority programs in the O& M account could be put on the chopping block if combat readiness were to continue to wane.

But any savings achieved should not be taken from the overall defense budget, but rather plowed back into the training, maintenance, and operations accounts that are already suffering. The decline of America's military forces has already begun. The "hollow" forces that were the bane of the 1970s may soon return, despite the promises of the Clinton Administration to the contrary. Redirecting funds from savings to where they are needed most—into training and maintenance programs—will help keep this problem at bay.

Baker Spring  
Senior Policy Analyst