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Senate

(Legislative day of Thursday, March 16, 1995)

The Senate met at 9:30 a.m., on the expiration of the recess, and was called to order by the President pro tempore [Mr. THURMOND].

PRAYER

The Chaplain, the Reverend Lloyd John Ogilvie, D.D., offered the following prayer:

Let us pray:

Almighty God, Sovereign of this Nation and Lord of our lives, we begin this day by remembering Benjamin Franklin's words to George Washington at the Constitutional Convention:

"I have lived, sir, a long time, and the longer I live the more convincing proofs I see of this truth: that God governs in the affairs of men. If a sparrow cannot fall to the ground without His notice, is it possible that an empire can rise without His aid? I believe that without His concurring aid, we shall succeed no better than the builders of Babel. We shall be divided by our partial local interests; our projects will be confounded * * *."

Gracious Lord, we join our voices with our Founding Forefathers in confessing our total dependence upon You. We believe that You are the author of the glorious vision that gave birth to our beloved Nation. What You began You will continue to develop to full fruition and today the women and men of this Senate will grapple with the issues of moving this Nation forward in keeping with Your vision. It is awesome to realize that You use us to accomplish Your goals. So keep us mindful of the eight words of God-centered leadership: Without You we can't; without us You won't. Think Your thoughts through us; speak Your truth through our words; enable Your best for America by what You lead us to decide. In Your holy name. Amen.

RECOGNITION OF THE ACTING MAJORITY LEADER

The PRESIDENT pro tempore. The distinguished acting majority leader is recognized.

Mr. GRASSLEY. I thank the Chair.

SCHEDULE

Mr. GRASSLEY. This morning the time for the two leaders has been reserved, and there will now be a period for morning business not to extend beyond the hour of 10 a.m. At the hour of 10 a.m., the Senate will resume consideration of S. 4, the line-item veto bill. Pending to the line-item veto bill is a substitute amendment on which a cloture motion was filed yesterday. Therefore, a rollcall vote will occur on that cloture motion tomorrow. However, rollcall votes are possible during today's session of the Senate.

FILING OF AMENDMENTS UNTIL 1 P.M.

Mr. GRASSLEY. Mr. President, I now ask unanimous consent that notwithstanding the recess of the Senate today, Members have until 1 p.m.—and that is today—to file amendments to the substitute amendment to S. 4.

The PRESIDENT pro tempore. Without objection, it is so ordered.

MORNING BUSINESS

Mr. GRASSLEY. Mr. President, are we in morning business?

The PRESIDENT pro tempore. The Senate will now go into morning business.

Mr. GRASSLEY. Mr. President, am I on the order for morning business?

The PRESIDENT pro tempore. Under the previous order, the Senator from Iowa [Mr. GRASSLEY] is recognized to speak for up to 10 minutes.

Mr. GRASSLEY. I thank the Chair.

INTEGRITY OF THE DEPARTMENT OF DEFENSE BUDGET

Mr. GRASSLEY. Mr. President, you are chairman of the Senate Armed Services Committee. I do not often have an opportunity to speak when the distinguished Senator from South Carolina, also the chairman of the Armed Services Committee, is in the chair. I am in the middle of a series of speeches on the defense budget, and I know that the Senator from South Carolina is very much for a strong national defense. I am also for a strong national defense. But I have some questions about the amount of money we ought to spend and whether or not it has been used in the most well-managed way. And so I am addressing that issue.

So today I wish to resume my presentation on the integrity of the Department of Defense budget.

(Mr. DEWINE assumed the chair.)

Mr. GRASSLEY. Mr. President, yesterday I provided some background information on how I got involved in defense issues in the early 1980's and have been involved with them since. I talked about how the spare parts horror stories convinced me that President Reagan's defense buildup would lead to waste on a massive scale. I talked about how the spare parts horror stories drove me to the job of watchdogging the Pentagon.

Today I wish to begin discussing the accuracy of the Department of Defense budget and accounting data. Each year, Congress debates the Department of Defense budget for days. I do not expect this year to be much different. In fact, the debate may intensify. It may intensify because some of my Republican colleagues are bent on pumping up the defense budget again by billions of dollars. I am flat baffled by their proposal. I do not understand it. They want to start back up the slippery slope toward higher defense budgets

• This "bullet" symbol identifies statements or insertions which are not spoken by a Member of the Senate on the floor.



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when there is no reason for doing it. The Soviet threat is gone. The cold war is over. The defense budget should be leveling off, not going up. But I do not intend to debate that issue today. That is better debated when we are working on the appropriations and authorization bills for the Department. My purpose today is to suggest that we cannot make meaningful decisions on the defense budget until we get more reliable information.

I wish to talk about the soundness then of the Department of Defense information base. I wish to talk about the integrity of Secretary Perry's budget. The Department's financial records are the foundation for this budget. Like a house or building, if it is going to stand the test of time and if the building is going to serve its intended useful purpose, then a budget's foundation must likewise be built upon very solid rock.

Secretary Perry's accounting and budget numbers should be accurate and complete. Sadly, however, every shred of evidence I have tells me that Mr. Perry's budget structure is built on sand.

Do they understand that? I believe they do. I believe that there are some people over there intent upon changing this, who right this very minute are working toward doing that. But the point is that job is a long way from being done, because it is in such a sad state of affairs. We are going to be called upon in the next couple months to make a decision whether to spend \$50 billion more than what the President proposed on defense. I do not see how we can make that decision with the information on which the budget structure is formed if this is all built on a foundation of sand. I will document the basis for that assertion in a moment.

Mr. Perry's financial records, the Department's budget books and accounting books are in a shambles. Mr. Perry has no way of knowing which numbers are true and which are false.

Inaccurate and misleading budget numbers erode our process of checks and balances, and they undermine accountability.

Bad information leads to bad decisions and hence bad Government.

The accounting books should provide a full and accurate record of how the money was spent, what was purchased, and how much each item cost.

The accounting books should provide a historical record of past expenditures.

The budget, by comparison, is supposed to tell us what is needed in the coming year in the way of money and material.

The future years defense program, or FYDP, in turn, projects the future consequences of our budget decisions. All these books—the future year's defense program, the budget, as well as accounting book—should hang together.

The books should be bound together by a common thread—accurate, consistent data.

The budget should be hooked up to the accounting books, and the future year's defense program should be hooked up to the budget.

The books need to hang together for one very simple reason:

Much of what will be bought and done in the years ahead were bought and done last year and the year before.

If we do not know what we bought last year and how much it cost, it will be impossible to figure out what we need next year. You cannot craft a good budget with bad numbers. It is as simple as that.

There is no way to escape from this commonsense principle. If we do not know what last year's defense program cost, then how in the world can Mr. Perry figure out what he needs down the road—in the outyears?

That is it in a nutshell.

In the simplest terms, if we do not know where we have been and where we are, we cannot possibly figure out where we are going. We may be lost.

Mr. President, all the DOD budget chains are broken. The essential links between the accounting records and the budget, and the budget and the future year's defense program, are busted. We have mismatches within mismatches within mismatches.

Now, this is a very complicated subject, and my conclusions could be controversial. They could be challenged.

So it is important that I document my sources.

But I would like to warn my colleagues, these issues are not laid out in one single source. I have drawn on many different sources.

I will cite the main ones. There are others but the main ones are as follows:

First, U.S. General Accounting Office, "Financial Management: Status of Defense Efforts To Correct Disbursement Problems." (AIMD-95-7. October 1994.)

This work is continuing at the request of myself and Senators ROTH and GLENN. I have used some updated data on disbursements and unreconciled contracts that does not yet appear in published reports.

Second, DOD inspector general, "Fund Control Over Contract Payments at the Defense Finance and Accounting Service—Columbus Center." (Report No. 94-054. March 15, 1994.)

Third, U.S. Senate, Committee on Governmental Affairs. (Hearing on DOD Financial Management. April 12, 1994.)

Testimony by Comptroller General Bowsher and Senator GLENN provided most of my information on overpayments to contractors.

Fourth, DOD inspector general, "Consolidated Statement of Financial Position of the Defense Business Operations Fund for Fiscal Year 1993." (Report No. 94-161. June 30, 1994.)

Fifth, U.S. General Accounting Office, "Defense Business Operations Fund: Management Issues Challenge Fund Implementation." (AIMD-95-79. March 1995.)

Sixth, U.S. General Accounting Office, "Future Years Defense Program: Optimistic Estimates Lead to Billions in Overprogramming." (NSIAD-94-210. July 1994.)

The GAO's evaluation of the FYDP is continuing at the request of Senator ROTH and myself. The ongoing work has two objectives:

Evaluate the data and methodology presented in Mr. Chuck Spinney's latest study, "Anatomy of Decline" and the role of DOD's Office of Program Analysis and Evaluation [PA&E]; and

Review the fiscal year 1996 FYDP.

Seventh, this is also by Chuck Spinney: "Anatomy of Decline." Office of Program Analysis and Evaluation, Department of Defense. February 1995.

In order to save time, I will not make a detailed reference every time I draw data from one of these sources.

Instead, I will try to identify the source in a more general way as I go along.

Mr. President, that concludes my statement for today.

I will continue with more evidence tomorrow and Thursday and Friday. I yield the floor.

The PRESIDING OFFICER. Under the previous order the Senator from Alabama [Mr. HEFLIN] is recognized to speak for up to 10 minutes.

The Senator from Alabama.

Mr. HEFLIN. Mr. President, Senator FEINSTEIN wishes to make some remarks. In the event her remarks are not begun or finished when the hour of 10 arrives, I ask unanimous consent that time for morning business be extended to allow her to complete her remarks.

The PRESIDING OFFICER. Without objection, it is so ordered.

The Senator from Alabama is recognized.

Mr. HEFLIN. I thank the Chair.

(The remarks of Mr. HEFLIN pertaining to the introduction of S.J. Res. 31 are located in today's RECORD under "Statements on Introduced Bills and Joint Resolutions.")

The PRESIDING OFFICER. Under the previous order the Senator from California [Mrs. FEINSTEIN] is recognized to speak for up to 10 minutes.

Mrs. FEINSTEIN. I thank the Chair.

(The remarks of Mrs. FEINSTEIN pertaining to the introduction of S. 580 are located in today's RECORD under "Statements on Introduced Bills and Joint Resolutions.")

MEMORIALIZING JAMES LARRY BROWN OF PINE LEVEL, NC

Mr. FAIRCLOTH. Mr. President, I rise to pay tribute to James Larry Brown who died suddenly 2 weeks ago at the young age of 40.

Larry, as he was known by friends and family, was born and raised in