Testimony of Thomas A. Schatz

President, Citizens Against Government Waste

Before the House Judiciary Subcommittee on Crime, Terrorism, and Homeland Security

Luxury Jets and Empty Prisons: Wasteful and Duplicative Spending at the Department of Justice

April 10, 2013

My name is Thomas A. Schatz, and I am president of Citizens Against Government Waste (CAGW). CAGW was founded in 1984 by the late industrialist J. Peter Grace and nationally-syndicated columnist Jack Anderson to build support for implementation of President Ronald Reagan's Grace Commission recommendations and other waste-cutting proposals. Since its inception, CAGW has been at the forefront of the fight for efficiency, economy, and accountability in government. CAGW has more than one million members and supporters nationwide, and, over the past 28 years, it has helped save taxpayers $1.2 trillion through the implementation of Grace Commission findings and other recommendations.

CAGW does not accept government funds. The organization's mission reflects the interests of taxpayers. All citizens benefit when government programs work cost-effectively, when deficit spending is eliminated, and when government is held accountable. Not only will representative government benefit from the pursuit of these interests, but the country will prosper economically because government mismanagement, fiscal profligacy, and chronic deficits soak up private savings and crowd out the private investment necessary for long-term growth.

It is no secret that wasteful spending is present throughout the federal government and that every agency could perform its functions more effectively and efficiently. Recommendations to eliminate waste, fraud, abuse, and mismanagement are regularly provided by the Government Accountability Office (GAO), the Congressional Budget Office (CBO), the President's budget, and congressional authorizing and appropriations committees. Outside of the government, think tanks, advocacy groups, and private-sector companies also provide ongoing analysis of government expenditures. For example, since 1993, CAGW has released *Prime Cuts*, a compendium of recommendations that emanate from both public and private sources; some still date back to the Grace Commission. The 2013 edition of *Prime Cuts* identified 557

recommendations that would save taxpayers $580.6 billion in the first year and $1.8 trillion over five years. *Prime Cuts* can serve as a blueprint to cut government spending and put the nation on a path toward fiscal stability.

Under less dire fiscal circumstances, taxpayers might be amused by the title of today's hearing – "Luxury Jets and Empty Prisons: Wasteful and Duplicative Spending at the Department of Justice" – if the United States' spending binge were not so far past the point of a much-needed intervention. And, as any twelve-stepper knows, the first step is admitting there is a problem.

That said, I will defer to the GAO, whose February 2013 report, "Executives' Use of Aircraft for Nonmission Purposes," garnered some unflattering coverage, as the GAO highlighted the expenditure of $11.4 million on "FBI luxury jets for travel unrelated to the agency's mission." The references to "empty prisons," bringing to mind the Obama administration's sweetheart deal to acquire the shuttered Thomson Prison in Illinois for $165 million, are even more egregious. In addition to the countless millions of dollars that will be needed to upgrade and activate the facility, this action is extremely wasteful. As House Appropriations Committee Chairman Hal Rogers (R-Ky.) pointed out, "the federal government already owns four additional empty prison facilities, which are awaiting activation."

Luxury jets and empty prisons notwithstanding, my testimony today will focus on multiple areas within the Department of Justice (DOJ) where wasteful spending on entire programs could easily be eliminated. The Edward Byrne Memorial Justice Assistance Grant (JAG) program has had several iterations since its purpose was first established in 1988. In 2005, Congress merged several DOJ grant programs under the JAG umbrella. Over the years,

JAG has devolved into a giveaway program with too much flexibility, no effective targeting strategy, weak oversight, and few consequences for mismanagement of the funds. JAG funds were frequently earmarked, and the program has morphed into an open-ended source of money used to subsidize states' routine operational law enforcement expenses.

In a June 19, 2008 *Washington Post* article, Sen. Claire McCaskill (D-Mo.) spoke of the lack of oversight in the JAG program, stating that "some bureaucrat cannot decide on a whim who gets precious tax dollars. It's insulting to all the programs that work hard on their applications to have merit take a back seat to who you know."

The now defunct ExpectMore.gov, the George W. Bush administration's rating system for federal programs that was managed by the Office of Management and Budget, described the Byrne grants as "a variety of potential local law enforcement activities rather than a clearly defined, specific or existing problem, interest, or need." ExpectMore.gov went on to say, "With program funds eligible to be used for multiple purposes, the DOJ cannot target the funds to high priority uses. There are no meaningful goals for the program. Performance measures are still under development. Grantees are not required to report on performance. As a result, it is difficult to determine what the program is accomplishing." According to *Prime Cuts,* eliminating the JAG program would save taxpayers $519 million in the first year and $2.6 billion over five years.

Additional savings for taxpayers could be found through the elimination of the Community Oriented Policing Services (COPS) program. A signature plan of the Clinton administration, COPS was intended to reduce rising crime rates in the early 1990s by providing federal grant money for the hiring of 100,000 police officers to patrol American streets.

Nineteen years later, the program has failed to reach its stated goals and has fallen victim to hundreds of millions of dollars in waste, fraud, and abuse.

In April 2005, the DOJ inspector general (IG) released audits of only 3 percent of COPS grants and found $277 million in "misspent" grant funds, including money for jobs never filled, jobs filled for only a short time, or payments for routine police department expenses unrelated to increasing the number of cops on the beat. Following the audits, the DOJ has recouped only $6 million of the $277 million.

On top of the waste and mismanagement, COPS requires that recipient cities keep the program running on their own dime for at least one year after the grant money runs out, which creates another unfunded mandate for local governments already strapped for cash.

A July 2012 GAO report found substantial overlap among DOJ's grant programs. DOJ funds multiple programs like COPS, and in many instances different programs perform the same function. Since fiscal year 2005, approximately $33 billion has been appropriated to DOJ for the administration of more than 200 federal financial assistance solicitations, such as grants, that support criminal justice activities at the state and local levels. The GAO suggested that DOJ perform an assessment of the programs to find "where a consolidation of programs may be more efficient." COPS would be a great place to start. A September 2010 Congressional Research Service report found that the costs of the program outweighed the benefits by more than $1 billion. In short, COPS is an expensive, failed, and duplicative program that should be terminated.

Another perennial example of waste highlighted in *Prime Cuts* is the State Justice Institute, which was created by Congress in 1984 to "improve the quality of justice in State

courts, facilitate better coordination between State and Federal courts, and foster innovative, efficient solutions to common issues faced by all courts." To accomplish this mission, the institute provides grants for research on criminal justice issues. However, the institute is duplicative of other programs within the DOJ. House Republican leaders, including Speaker of the House John Boehner and Majority Leader Eric Cantor, have repeatedly suggested eliminating the program.

In addition to the cost-saving measures identified by CAGW, the Obama administration has highlighted multiple areas of waste within the DOJ. In his fiscal year (FY) 2012 *Terminations, Reductions, and Savings* report, President Obama recommended suspending further development of the Integrated Wireless Network (IWN) program, eliminating the Drug Enforcement Agency's (DEA) Mobile Enforcement Team (MET) program, and reducing the number of light-duty sedans purchased by the Federal Bureau of Investigation (FBI).

The IWN program was created in 1998 to address the DOJ's aging communications systems. However, the IWN itself has since become outdated. According to a 2012 audit of the IWN by the DOJ, "despite costing over $356 million over 10 years, the IWN program has yet to achieve the results intended when the Department initially began developing it in 1998."

According to the 2012 *Terminations, Reductions, and Savings* report, "the current approach is at risk of becoming obsolete more quickly than other approaches. This impedes the project's ability to meet any changes in requirements and integrate industry advances in wireless technology over the procurement life-cycle. A range of alternatives now exist that were not available when the project was originally conceived. These alternatives, alone or in combination

with each other and/or the current approach, can help accelerate delivery of better communication capabilities, such as data, video, and applications more cheaply."

Some of the possible alternatives to this approach identified by the Obama administration include "commercial wireless companies offering voice, data, video, and 'apps' on 3G or 4G Long Term Evolution (LTE) technologies, as well as their commercial infrastructure (e.g. towers, antennas, etc.); other innovative communication programs within DOJ providing data and voice capabilities that already satisfy many agent communications needs (e.g., DOJ mobile devices and surveillance technologies); and opportunities to leverage communications platforms of other Federal, State, and local partners (e.g., the Department of Homeland Security on the southwest border, large metropolitan police departments, etc.)."

The DOJ should implement the President's recommendation and suspend further development of the IWN program, which would produce $103 million in one-year savings.

The 2012 *Terminations, Reductions, and Savings* report also suggested terminating the DEA's MET program. In April 1995, DEA created the MET program to attack drug-trafficking organizations. MET teams were designed to be deployed on a temporary basis (an average of six months) to work with federal, state, and local law enforcement partners in the disruption of gangs.

However, a December 2010 audit by the DOJ IG found that "despite its name, the METs were not mobile. They were being operated mainly in Metropolitan areas near DEA offices. Consequently, rural law enforcement agencies did not have the benefit of using MET resources to address either the methamphetamine or violent gang problems within their jurisdictions. Since

2008, MET has grown almost 75 percent in personnel and 90 percent in funding and have focused primarily on criminal street gangs and neighborhood drug trafficking operations."

According to the IG, "DEA field divisions generally reported that after MET deployments ended, the target locations experienced decreases in drug sales and violent crime, and that community reaction and involvement was positive. However, DEA post-deployment reports showed that some types of violent crimes increased in the 6-month period after a deployment ended. This would seem to indicate that the effects of MET deployments are transitory and perhaps poorly focused."

The administration proposes to eliminate the MET and transfer the 145 positions associated with the program to DEAs Diversion Control Fee Account (DCFA) to staff Tactical Diversion Squads (TDS). TDS investigate, disrupt, and dismantle those suspected of diverting and trafficking in illegal pharmaceutical controlled substances or listed chemicals. Eliminating MET would achieve one-year savings of $31 million and five-year savings of $155 million.

Lastly, in his FY 2011 *Terminations, Reductions, and Savings* report, President Obama recommended reducing the number of light-duty sedans added to the FBI's fleet. Given the current federal hiring freeze, it seems obvious that the government should not continue to expand its fleet of vehicles. The president's proposed reduction would still allow for the replacement of 1,250 aging vehicles, but would prevent the overall size of the fleet from increasing. This action would produce $4 million in savings for taxpayers in the year of its execution.

In conclusion, wasteful spending can be boiled down to both mismanagement of existing programs and the authorization of unnecessary or duplicative programs. Since the Judiciary Committee enjoys oversight responsibility for the Justice Department, it is imperative that the

committee exercise that authority on a regular basis. Programs must be managed efficiently and, if they are not producing the desired results, legislation must be enacted to eliminate those wasteful and inefficient programs.

Of course, this is a primary duty of every authorizing committee, and, quite frankly, American taxpayers would be much better served by more aggressive oversight across the board. More specifically, given the serious business of the Justice Department, the consolidation and elimination of duplicative, overlapping, and ineffective programs would free up more resources to enforce federal laws and improve public safety.

I appreciate the opportunity to testify before the committee today, and would be glad to answer any questions.

Thomas A. Schatz

Thomas A. Schatz is president of Citizens Against Government Waste (CAGW) and its lobbying affiliate, the Council for Citizens Against Government Waste (CCAGW).

CAGW was founded by the late businessman J. Peter Grace and late Pulitzer Prize-winning columnist Jack Anderson in 1984 following the completion of President Ronald Reagan's Private Sector Survey on Cost Control (the Grace Commission). A 501(c)(3) nonprofit, nonpartisan educational organization, CAGW works to eliminate waste, fraud, abuse, and mismanagement in government and has more than one million members and supporters nationwide. According to official Office of Management and Budget and CAGW estimates, implementation of Grace Commission and other CAGW waste-cutting recommendations has helped save taxpayers $1.08 trillion.

Mr. Schatz is a nationally-recognized spokesperson on government waste and has been interviewed on hundreds of radio talk shows from coast to coast. He is a regularly featured guest on national television news programs and local news broadcasts. His appearances include ABC's "Good Morning America," CBS's "60 Minutes," FOX News Channel's "The O'Reilly Factor," NBC's "Nightly News," and PBS's "The News Hour." He was a regularly featured guest on the "Pork Watch" segment of CNBC's "Squawk Box." His editorials on fiscal policy have appeared in publications nationwide, including *The New York Times* and *The Wall Street Journal*.

Mr. Schatz has testified numerous times on government waste issues before committees of the United States Senate and House of Representatives, as well as before state and local legislative and regulatory bodies.

During his 27 years with CAGW, Mr. Schatz has helped make CAGW a "leading government watchdog on fiscally conservative issues, like taxes and earmarks," according to *National Journal*. In his role as president of CCAGW, *The Hill* named him one of the "top 10 public interest lobbyists."

Prior to joining CAGW in 1986, Mr. Schatz spent six years as legislative director for Congressman Hamilton Fish Jr. and two years practicing law and lobbying.

Mr. Schatz holds a law degree from George Washington University and graduated With Honors from the State University of New York at Binghamton with a bachelor's degree in political science. He is married to Leslee Behar and has two daughters, Samantha and Alexandra.

United States House of Representatives

Committee on the Judiciary

Bob Goodlatte, Chairman

"Truth in Testimony" Disclosure Form

Clause 2(g)(5) of Rule XI of the Rules of the House of Representatives require the disclosure of the following information by witnesses appearing in a nongovernmental capacity.

Hearing: Luxury Jets and Empty Prisons: Wasteful and Duplicative Spending at the Department of Justice

Date: 4/10/2013 - 10:00 a.m.

1. Name: Thomas A. Schatz	2. Entity(ies) you are representing: Citizens Against Government Waste
3. Business Address and Telephone Number: 1301 Pennsylvania Avenue, N.W. Suite 1075 Washington, DC 20004 202.467.5319	
4. Have you received any Federal grants or contracts (including any subgrants and subcontracts) during the current fiscal year or either of the two preceding fiscal years that are relevant to the subject matter on which you have been invited to testify? ☐ YES ☒ NO	5. Have any of the entities that you are representing received any Federal grants or contracts (including any subgrants or subcontracts) during the current fiscal year or either of the two preceding fiscal years that are relevant to the subject matter on which you have been invited to testify? ☐ YES ☒ NO
6. If you answered "yes" to either item 4 or 5, please list the source (by agency and program) and amount of each grant, subgrant, contract, or subcontract, and indicate whether the recipient of such grant was you or the entity(ies) you are representing. *(Please use additional sheets if necessary.)*	
7. Signature: Thomas Andrew Schatz Date: 4/4/2013	