

A SLICC Deal for Top Officials

Who wouldn't want plush leather, color-coordinated world-class seats, aesthetically pleasing wall, floor, and ceiling coverings, auto-adjusting ambient lighting, and a flat screen television? And somebody else is footing the bill? Sweet!

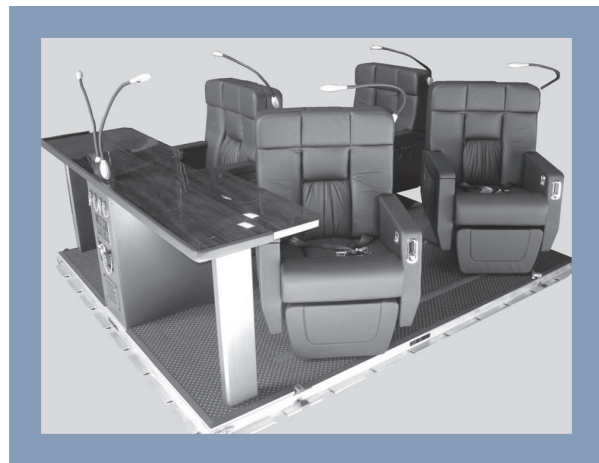
Unless, of course, you're a U.S. taxpayer. Senior Air Force generals, it turns out, have been obsessing over these and other details for the travelling offices they dubbed "comfort capsules." While regular troops often sit on netting or torn seats for hours at a time while in transit, these generals are having their seats re-upholstered at a cost of tens of thousands of dollars because they didn't like the color.

Did we mention that the price tag for all of the upgrades runs in the millions of dollars? Or that documents obtained by POGO reveal that the upgrades don't provide any additional operational capabilities (such as communications advantages) beyond those currently existing?

In July, POGO revealed these and other details, which prompted members of the Senate Armed Services Committee to begin asking pointed questions, a front-page *Washington Post* article, and editorials around the country. Stephen Colbert even featured the outrage in one of his "Word" segments on Comedy Central.

The Senior Leader In-transit Conference Capsule (SLICC)—originally dubbed the Senior Leader In-transit Comfort Capsule—and Senior Leader In-transit Pallet (SLIP) programs are supposed to provide meeting accommodations for senior leaders aboard military cargo planes. The estimated cost of the first SLICC prototype was \$2.735 million, up from an original November 2006 cost estimate of \$1.743 million—a cost growth of over 50 percent in less than two years.

The sheer excess involved is staggering. Numerous internal Air Force emails detailed the generals' emphasis on luxury—demanding "world-class accommodations." The cost was so appalling that one outraged Air Force insider wrote, "How'd we get to \$113K for 4 pallets? Pls tell me this is for all 4 pallets...I could carpet and upholster a couple of houses for \$113K..." [Ellipses in original] In a time of war—and especially in contrast with the seating (or lack thereof) provided for the regular troops—the excess touched a nerve with many. ■



Air Force generals didn't like the color of the brown leather seats, so they spent tens of thousands of dollars just to get them re-upholstered in blue.

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Affiliations are for identification purposes only.



Letter from the Executive Director

Dear Friends,

I am always surprised by how many people only know of POGO's work on the one issue they follow closely. Probably the best example of this is our defense and national security work. Because we started in 1981 as the Project on Military Procurement, some of our loyal followers still think of us as a Pentagon watchdog. Others think of us as a federal contracting oversight group, while still others think of us as oil and gas fraud investigators, or even nuclear security experts.

Of course, all of them are right!

POGO conducts oversight of a wide range of issues across the federal government, and takes on new investigations almost weekly. In this newsletter alone, we update you on six different program areas. On this page you can see a chart listing many of POGO's program areas.

We're excited about the progress we've made in our current investigations, and about the opportunities for improving government we're creating with our new investigations. By the time you've finished reading this newsletter, I hope you're as excited as we are!

Warmly,

Danielle Brian, POGO Executive Director

POGO's Program Areas

CONTRACT OVERSIGHT

Competition in Federal Contracting
Contractor Accountability
Federal Grants
Government Privatization
Human Trafficking
Iraq Reconstruction Costs
Katrina Contracting
Risky Contract Vehicles
Transparency in Contracting

GOVERNMENT CORRUPTION

Conflicts of Interest
Improper Influence
Politicization
Revolving Door

GOVERNMENT OVERSIGHT

Congressional Oversight
Executive Privilege
Inspector General Investigations

GOVERNMENT SECRECY

Freedom of Information Act
Open Government
Over-classification
Pseudo-classification

HOMELAND SECURITY

Aviation Security
Biodefense
Chemical Security
Coast Guard
DHS Spending

HOUSING

Fannie Mae & Freddie Mac
HUD

NATURAL RESOURCES

Oil & Gas Royalties Issues

NATIONAL SECURITY

Ballistic Missile Defense
Intelligence
Wasteful Defense Spending
Troubled Weapons Systems

NUCLEAR SECURITY & SAFETY

DoD Nuclear Weapons
Nuclear Power Plants
Nuclear Weapons Complex

PUBLIC HEALTH

FDA
Health Care Fraud
Integrity in Science
Pandemic Flu Vaccine

TRANSPORTATION

Big Dig
FAA

WHISTLEBLOWER ISSUES

False Claims Act
Office of Special Counsel
Whistleblower Protections

POGO's Contractor Misconduct Database Doubles in Size

For the past six years, POGO has maintained a Federal Contractor Misconduct Database (FCMD), tracking the misconduct of the federal government's top 50 contractors. With our urging, Congress has just passed a law to create a similar system to distinguish between responsible and risky contractors. However, the government isn't making its database public, so we're not out of the FCMD business yet. As a result, we've continued to improve the database.

One improvement is an expansion of the database to cover the government's top 100 contractors. Other improvements include new sort features (including by awarding agency) and new responses from the contractors. There are 757 instances of misconduct compiled in the database (638 cases of demonstrated misconduct and 119 pending cases), and nearly every instance links to original source documents. Although the largest contractors argue that misconduct is inevitable for any business that has thousands of employees and operations all over the world, POGO has not found any instances of misconduct for nearly a quarter of the top 100 contractors.

The use of contractors in the federal government has grown exponentially from \$220 billion in FY 2000 to \$440 billion in FY 2007. The top 100 federal FCMD contractors received approximately 55 percent of these contract dollars. Sadly, this increased use of contractors has been accompanied by a decline in oversight and accountability. As a result, the government is doing very little to ensure that contracts are awarded to responsible companies.

Until the federal government creates its own publicly accessible database (and we're still working hard to make that happen), we hope that the FCMD will be an effective tool in preventing taxpayer dollars from being awarded to risky contractors. The database will help officials make informed contract award decisions, and provide the government with a well-documented list of misconduct to consult when contractors are considered for suspension or debarment. POGO knows that local and state governments are also using the database to check their prospective vendors. ■

Contractor	Federal Contract \$ (FY06)	Instances of Misconduct (since 1995)	Misconduct \$ (since 1995)
1. Lockheed Martin	\$321.02.5m	47	\$ 571.6m
2. Boeing Company	\$211.84.2m	28	\$ 957.2m
3. Northrop Grumman	\$178.85.7m	28	\$ 655.4m
4. General Dynamics	\$111.244.6m	6	\$ 58.9m
5. Raytheon Company	\$105.03.4m	14	\$ 475.6m
6. Halliburton KBR	\$61.45.5m	20	\$ 279.2m
7. L-3 Communications	\$57.72.9m	3	\$ 13.0m
8. United Technologies Corporation	\$50.93.7m	11	\$ 372.9m
9. SAIC Corporation	\$50.43.8m	8	\$ 7.6m
10. BAE Systems	\$48.28.3m	2	\$ 1.2m
11. Honeywell	\$46.92.3m	6	\$ 395.7m
12. University of California	\$42.13.5m	20	\$ 43.3m
13. Computer Sciences Corporation	\$39.00.7m	5	\$ 43.0m
14. Bechtel Corporation	\$38.24.3m	12	\$ 359.1m



Identifying Good Government Indicators

POGO is excited to announce a joint project with the Aspen Institute to identify good government indicators that transcend our nation's government structures—from local to federal institutions. This collaboration is especially exciting for POGO because we'll also be able to learn from those states and municipalities that have better oversight, accountability, and effectiveness mechanisms, and apply those lessons to the federal government.

The project will draw from the experience of Aspen's Rodel Fellows, who are elected officials in state and local governments, POGO, as well as governmental and non-governmental organizations devoted to good government. The Rodel Fellows are chosen "for their intelligence, thoughtfulness, civility, and proven ability to work with their colleagues across the political aisle."

Through the shared knowledge of POGO, Aspen's Rodel Fellows, and good government colleagues, we plan to identify the specific laws, regulations, structures, and other frameworks that successfully promote openness, accountability, effectiveness, and ethics throughout all levels of government.

The end result will be a checklist of good government indicators that can be promoted as a kind of "Good Housekeeping" set of practices that will lay a solid groundwork for successfully operating government institutions.

Participants will take the work of this project and promote our findings in their own offices, as well as in their professional associations and future public offices. We'll also be encouraging the use of the indicators throughout all types of governments in the U.S. If all goes as expected, in 25 years, there will be well-worn posters in the offices of mayors, state auditors, and federal agencies alike reminding them of the practices that should be at work in their institutions to ensure the common good is being served. ■

Byrned by the Department of Justice



In June, POGO released its first report about federal grants, *Getting Byrned by Justice: Favoritism in the Byrne Discretionary Grant Program*. The report found that the Department of Justice's (DOJ) fiscal year 2007 Edward Byrne Memorial Discretionary Competitive Grant Program appeared to be tainted by conflicts of interest and patronage.

The Byrne Discretionary Grant program, administered by DOJ's Bureau of Justice Assistance (BJA), awards grants to organizations that help local communities improve the capacity of their justice systems. Although it is standard practice for an agency to require that a competitive grant proposal go through a peer review process in order to determine the merits of the application, the BJA appears to have given a pass to some favored grant recipients.

POGO's investigation revealed that in FY 2007, at least 13 Byrne Discretionary Grant applicants were given special treatment: they did not go through a peer review process but were awarded grants anyway. At least 2 of those 13 grants appear to involve conflicts of interest between the grantee and DOJ appointees in the offices awarding those grants. In one case, the director of BJA awarded a \$296,000 grant to his former employer. In another case, a Byrne grant recipient may have benefited from the fact that the executive director of its parent organization is married to a high-ranking DOJ official.

Following the release of our report, several actions were taken. Senator Barbara Mikulski (D-MD), who chairs the subcommittee that oversees the DOJ budget, called for a thorough investigation of the FY 2007 Byrne Discretionary Grant Program. In addition, House Committee on Appropriations Chair David Obey (D-WI) offered an amendment to the FY 2009 Commerce, Justice, and Science Appropriations bill that would require all DOJ discretionary grants to go through a peer review process. And, finally, DOJ posted the list of Byrne Discretionary Grant recipients to its website after years of failing to do so. ■

Reports Revisited: Old NRC Fire Issue Still a Hot Topic

In 1996, POGO released its report, *Who the Hell is Regulating Who? The NRC's Abdication of Responsibility*, which highlighted long-standing safety problems at the nation's nuclear power plants. You can find POGO's report on our website, www.pogo.org, in the publication library. Unfortunately, the Nuclear Regulatory Commission (NRC) is still acquiescing to the nuclear industry.



One issue highlighted in POGO's 1996 report involved Thermo-Lag, a fire-retardant that was installed in approximately 80 nuclear plants across the country following a 1975 fire at the Alabama Browns Ferry nuclear plant. The NRC mandated fireproofing of certain cables used to shut down reactors during an emergency. The problem was, the fire-retardant burned. The NRC later learned that test results had been falsified.

According to a recent Government Accountability Office (GAO) report, *NRC's Oversight of Fire Protection at U.S. Commercial Nuclear Reactor Units Could Be Strengthened* (GAO-08-747), the NRC still has not resolved the long-standing fire issue POGO highlighted more than a decade ago. The GAO reported that 125 fires occurred at nuclear plants from 1995 to 2007. Despite the relative frequency of fires, flammable fire-retardant is still in place at dozens of plants. Instead of making plants replace the faulty fire barriers, the NRC has granted over 900 exemptions since 2001 to allow plants to rely on long-term use of interim compensatory measures such as fire watches in which workers patrol the plant.

Those compensatory measures are only supposed to be a stop-gap measure, but the GAO found that those interim measures have been in place for years at some plants. And in light of recent reports about sleeping guards at nuclear power plants, we've got to wonder how effective those stop-gap measures are.

POGO might be hounding the NRC on fire safety issues for many years to come as plants receive extensions to their operating licenses. The NRC should resolve the fire barrier issue and no longer allow nuclear plants to sidestep long-term fire safety solutions. ■

Behind the Sex and Drugs: Why You Should Care What's Going on at MMS

In the midst of the sensational revelations about Department of Interior (DOI) employees frolicking with oil industry representatives, POGO released its latest report, *Drilling the Taxpayer: Department of Interior's Royalty-In-Kind Program*. The report is POGO's fifth in a series about the failures of the DOI's Minerals Management Service (MMS). POGO's newest report puts into context the impact of the salacious misconduct, specifically on the collection of oil and gas royalties owed to the government through the Royalty-In-Kind (RIK) program. The RIK program, managed by the MMS, allows oil companies to pay royalties with actual oil and gas, rather than with cash.

POGO has been skeptical of the RIK program since its pilot program in 1997. POGO's Executive Director Danielle Brian and Director of Investigations Beth Daley have both provided testimony numerous times to Congress concerning the mismanagement and lack of accountability in the RIK program. The RIK program was industry-created, industry-promoted, and industry-corrupted. POGO's report highlights industry influence over the program and details the program's many weaknesses.

For example, we question MMS's use of findings by industry consultants to justify the expansion of the RIK program. We also look at DOI's revolving door with industry, which raises concerns about the Department's objectivity. The DOI Inspector General also reported that MMS's close relationship with industry raises questions about the agency's stewardship of the RIK program.

In addition, auditing and management of the RIK program are so weak it is unclear how much money taxpayers may be losing. However, numerous successful False Claims Act lawsuits and settlements have recovered \$11 billion due to underpaid royalties from the oil and gas industry, indicating that industry should not be trusted with what the GAO has deemed an "honor system." As a result of all of these factors, POGO has concluded RIK is a government program that should be cancelled. ■



Photo courtesy of Dept. of the Interior

American taxpayers may be losing millions of dollars in oil and gas royalties as a result of the poorly managed RIK program.

Congratulations Hill Staff COTS Graduates!

On July 18, POGO held the last seminar in its 2007-2008 Congressional Oversight Training Series (COTS), and was proud to award certificates of completion to 15 congressional staffers for attending at least five of the seminars. POGO also gave the graduates a small magnifying glass (don't worry, they fell well within the gift ban limits!) to remind the staffers just how important effective oversight is, and that they have it in their power to conduct first-rate investigations.

More than 180 House and Senate staffers from Democratic, Republican, and Independent offices attended at least one of this season's ten COTS seminars. Topics included, "Are Your Witnesses Better Prepared Than You Are?" and "Don't Let the Fine Print Bore/Scare You Out of Investigating the Contract."

The last seminar of this season's series included a presentation by retiring Congressional Research Service legend Morton Rosenberg, who spoke about congressional power. Former Hill investigators Eric Thorson and POGO's own Peter Stockton, who are, in the words of one participant, "genuine *eminences grises*," were also there to provide insight into vetting potential hearing witnesses.

"The speakers give their experiences, and I can learn from them," explained a graduate who does investigative work as part of her House job. "COTS let me look at the job I do from another perspective, with no stress."

Another goal of COTS is to create an opportunity for staffers to meet others with an interest in oversight, especially those from across the aisle or from the other chamber (or both). One Democratic Senate staffer enthused, "I got to know [a Republican Senate staffer] from one of the seminars, as well as [a former Republican House and Senate staffer]. Each has provided me with advice on current or proposed investigations."

POGO will begin the third COTS series this fall, including some new topics requested by staffers and some beginner seminars for new staffers coming to the Hill. ■



POGO's Danielle Brian and COTS graduate Nick Coutsos.

WHO SAID?

"Upon my departure, I am obligated to note that the mission, independence, and very existence of the Office of Special Counsel are—and shall remain—at risk unless and until this agency is afforded a presidentially appointed, senate confirmed leader who is capable of putting OSC's mission and OSC's people ahead of political agendas and personal vendettas."

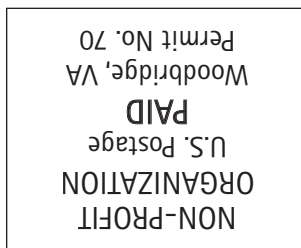


ANSWER:

U.S. Office of Special Counsel Deputy Jim Byrne in his July 10, 2008, resignation letter.

Mission Statement

Founded in 1981, the Project On Government Oversight (POGO) is an independent nonprofit that investigates and exposes corruption and other misconduct in order to achieve a more accountable federal government.



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