



THE DEFENSE MONITOR

January-March 2025

ISSN#0195-6450 • Volume LIV, Number 1

PROJECT ON GOVERNMENT OVERSIGHT

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LETTER FROM THE CDI DIRECTOR



Dear Friends of CDI,

Thank you for your continued support through what has been a tumultuous time since the inauguration in January. In that short time, the White House, the Pentagon, and Congress have advanced many different, and sometimes contradictory, positions on military spending. But there is one area in which we all seem to agree: **We must make Pentagon spending more efficient.**

The United States spends more than twice as much on our military as our three largest potential adversaries — Russia, China, and Iran — combined, and yet we still feel unsafe. How do we break this cycle of more and more spending? As the new management team at the Pentagon finds its footing, CDI and POGO continue to work with Congress to work to enact measures we believe will have a positive impact.

The Trump administration has put forward the least experienced Pentagon leadership team in recent memory, with Secretary of Defense Pete Hegseth having no experience leading an organization of over 200 employees, and Deputy Secretary Steve Feinberg with no experience running any military organization at all. Perhaps unsurprisingly, the effort by the so-called Department of Government Efficiency (DOGE) is also off to a slow start at the Pentagon: The new Pentagon team has a long way to go.

In the meantime, CDI and POGO are actively working with congressional staff on multiple fronts. We're working to restore and protect military personnel's right to repair their own equipment, both to save money and to avoid leaving them far from home and unable to fight. We're also working to strengthen Congress's control over costly weapons acquisition programs through improvements to the Nunn-McCurdy statute, which will let Congress know sooner when weapons programs overrun their budgets and give Congress more control over what happens when they do. Finally, we're working to restore the effectiveness of the Pentagon's Director of Operational Testing and Evaluation by ensuring Congress and the public can read their assessments of whether major weapons systems are ready for combat.

At this time of rapid change, I am especially grateful for your continued support of CDI. We can't do it without you.

Sincerely,

Greg Williams

Director, Center for Defense Information

Congress Must Fill the Experience Gap at the Pentagon

BY GREG WILLIAMS

During the confirmation hearing for Secretary of Defense Pete Hegseth, Senate Armed Service Committee Chairman Roger Wicker (R-MS) opined that Hegseth was “open to new ideas” and “not beholden to the status quo.” It remains to be seen how open to new ideas Hegseth is, but it’s already evident that he’s dangerously short on experience with the status quo. Hegseth and his second in command, Deputy Secretary Steve Feinberg, are the least experienced secretary and deputy secretary in memory. With such a lack of experience in the executive, it will fall to Congress to accelerate military spending reform.

Congress will have its work cut out for it. Despite a defense budget exceeding \$895 billion, we face a crumbling shipbuilding industry and the smallest Air Force since its inception in 1947. We can’t afford to continue spending more and more while getting less and less. Someone will need to figure out how to deliver weapons that work on time and on budget. Since President Donald Trump has appointed amateurs and Congress has approved them, Congress will need to be that “someone.”

It’s difficult to overstate Hegseth’s inexperience relative to past secretaries of defense. Of the last 13, all came into the job with significant

experience leading executive branch organizations with complex missions and anywhere from tens of thousands to millions of staff. Almost all of them had held senior positions at the Pentagon. The two who did not were CIA directors. Without this kind of experience, it’s hard to wrap one’s head around things like regulations that take years to come into force, organizational subcultures the size and intricacy of small countries, and accounting systems larger and more complex than those of the largest private companies. Without executive experience, it’s hard to imagine the weight of responsibility it involves. Hegseth testified that he has never run an organization with more than “a couple of hundred” staff, “nothing remotely near the size of the Defense Department.”

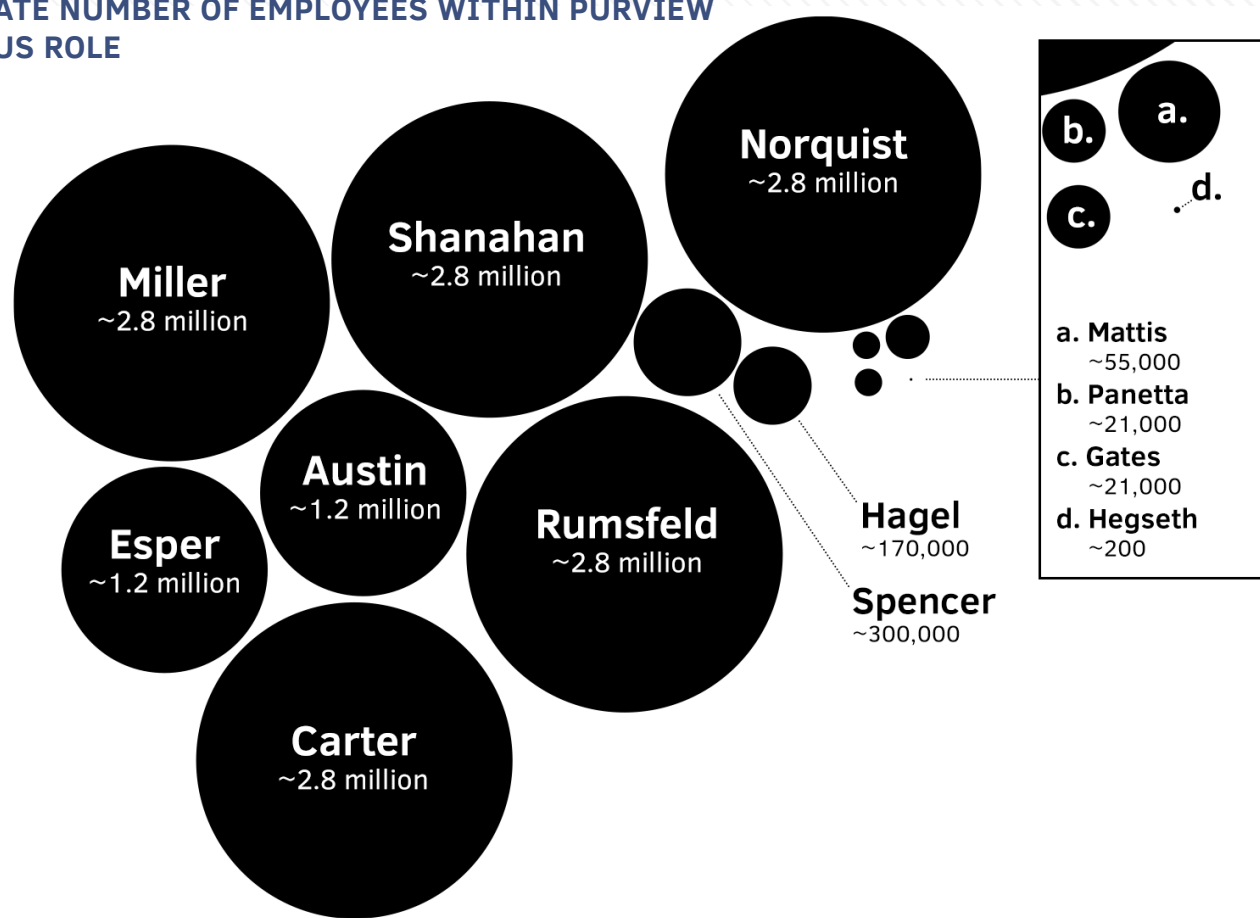
In Hegseth’s confirmation hearing, the lack of emphasis on meaningful experience was evident. Too much time was dedicated to trivia like the diameter of an M4 rifle bullet, and far too little time to how he’d get the Pentagon’s \$895 billion budget past an audit — something the department has repeatedly failed at doing. There’s no shortage of questions senators could have asked, and Hegseth could have answered: Congress’s oversight arm, the Government Accountability Office, has issued 29 reports on Pentagon audits, 13 of which still have outstanding recommendations. When

asked how he would pass an audit, Hegseth should have commented on whether he intended to implement any of these recommendations. Not doing so suggests a lack of understanding of the challenges involved and the available solutions.

Hegseth’s dangerous lack of qualifications is compounded by that of Steve Feinberg, the new deputy secretary of defense. While the secretary of defense is the Pentagon’s CEO, the deputy secretary is chief operating officer, turning vision into practical reality. Accordingly, nearly all recent deputy secretaries of defense have had experience in the executive branch, and eight of the last 10 had experience in the Defense Department. Feinberg has no experience as a federal executive. He helped run many large companies while at Cerberus, the financial services company he co-founded, but no private company is as large as the DOD, and success for a private company (profit) is fundamentally different from that of the Defense Department (national security). When asked by Senator Rick Scott (R-FL) during the confirmation hearing what he hoped to accomplish by the end of his four years, Feinberg said only, “Basically that I’ve helped the secretary and the president improve DOD.”

Both Hegseth and Feinberg have emphasized the importance of clean Pentagon audits. Hegseth did so numerous times, but when asked by

**PRIOR TO NOMINATION AS DEFENSE SECRETARY,
APPROXIMATE NUMBER OF EMPLOYEES WITHIN PURVIEW
OF PREVIOUS ROLE**



Senator Tammy Duckworth (D-IL) whether he'd ever led an audit, he declined to answer. Feinberg was a little more forthcoming, but not much: When asked by Senator Joni Ernst (R-IA) how he would achieve one, he only said, "I can't say exactly, but it's all achievable. ... We'll get it done."

Many have argued that choosing a secretary of defense with a résumé similar to past secretaries doesn't make sense because what the Pentagon needs is change. Senators in Hegseth's hearing downplayed his inexperience by casting him as a visionary in the mold of legendary CEOs. POGO agrees iconoclasts are often needed to shake the Pentagon out of inaction, but Hegseth is not starting up a tech company in a garage. He is leading an enormous, sophisticated government

organization responsible for the defense of our nation. It's a different job requiring different skills — skills honed through relevant experience.

It would be better to have that experience both in the executive and legislative branches. But with the significant experience vacuum in the top two positions of the Pentagon, members of Congress from both parties should step in to fill the gaps in knowledge needed to run an organization with a nearly trillion-dollar budget and more than 2.8 million personnel. They'll need to leverage their skill and experience on defense-related committees, including Armed Services and Appropriations, to clean up the mess at DOD. The Senate and House Armed Services Committees together bring decades of expertise that can be applied through legislation and oversight.

CDI wishes Secretary Hegseth and Deputy Secretary Feinberg success in overhauling the Pentagon, but we're concerned their lack of experience undermines the credibility of their bold predictions. In the meantime, we will continue to work with Congress to strengthen the oversight it provides. Efforts are already well under way on the 2026 National Defense Authorization Act, the legislation that will set the Pentagon's budget for the next year. CDI is collaborating with senators and representatives of both parties to close loopholes, increase transparency, and facilitate more effective oversight of how that money will be spent. ■

About the Author: Greg Williams is the director of the Center for Defense Information at the Project On Government Oversight.

Loopholes for Military Contractors Are Costing You Money

We've long advocated for closing loopholes that allow military contractors to overcharge the government. We're proud to say we already have congressional offices working with us to improve the Truth in Negotiations Act by closing the two loopholes we described in the piece excerpted below.

BY ERYN SCHEYDER

We place a huge amount of trust in military contractors to provide high-quality goods and services and to provide them at a fair price. As the federal government's largest revenue source, American taxpayers hold the largest stake in ensuring that government money is being well-spent, especially in defense spaces. What can we do, then, when military contractors overcharge the Department of Defense (DOD), and taxpayers end up footing the bill?

This issue might seem complicated, but the solutions are simple. Once we understand the language surrounding these loopholes, we can put public pressure on lawmakers to strengthen the law and protect taxpayer dollars. Here's everything you need to know about the issue to persuade lawmakers to fix it.

THE TRUTH IN NEGOTIATIONS ACT (TINA)

In 1962, Congress tried to hold military contractors accountable to taxpayers with the Truth in Negotiations Act (TINA). Simply stated, this law requires contractors hired by the

DOD to justify the prices they charge the government. Unfortunately, the defense industry has a lot of power in Washington, so some exceptions have been added to TINA over the years. And because there are only a few military contractors receiving the bulk of DOD contracts, the government doesn't have many options when contractors take advantage of these exceptions to raise prices.

There are two major loopholes that help contractors overcharge the government (and taxpayers):

Currently, of the contracts that require price justification, military contractors only need to explain the prices they're charging the DOD if the contract exceeds \$2 million. This means DOD officials have no way of finding out how fair the price is for deals that fall below \$2 million — by far the majority of deals, according to a 2022 report from the Government Accountability Office.

Military contractors don't have to justify their prices at all for items that are labelled as "commercial," or items that can be bought on the open market and aren't specific to military or defense spaces. The idea is that because these items are widely available, DOD officials would have access

to plenty of data about these items, which would help ensure fair negotiations. However, if a military contractor is the only one providing a certain good or service, then that contract is not competitive, meaning DOD officials can't compare prices and contractors can set prices as they please.

CLOSING THE LOOPHOLES

Things like disclosure thresholds and commercial items definitions seem complicated, which helps shield military contractors from accountability. But the solutions to these problems are not as convoluted as they'd like us to believe — and the public really does have the power to effect change.

A few simple changes to the law would go a long way. A revision of the commercial items definition and a decrease in the certified data disclosure threshold are two meaningful updates to TINA legislation that members of Congress could support to save the Pentagon — and taxpayers — more money. ■

About the Author: Eryn Scheyder is a senior field organizer on POGO's Strategic Initiatives and Partnerships team.

Congressional Oversight of Defense Spending

BY GREG WILLIAMS



ILLUSTRATION: REN VELEZ / POGO

A longer version of this analysis was published in January as part of our biannual series detailing what we think the new Congress should be doing and how it can better serve the people. We're proud to say we're already working with congressional offices to introduce legislation on all three topics outlined in this piece.

In 2023, the United States spent roughly \$1 trillion on defense. At the same time, the Pentagon has never been able to pass an audit, leaving us wondering where all that money went and why our adversaries seem to be getting so much more bang for their buck. When it comes to Pentagon spending, more and better oversight is called for. Because meaningful oversight improvements are already within Congress's reach, Congress should act now to improve the way defense spending is managed.

Congress can enact measures today that would lower the cost of defense, improve the effectiveness of our weapons systems relative to those of our likely adversaries, and give us a better overall understanding of how our defense dollars are spent. These reforms include closing loopholes in how defense contractors justify their prices, strengthening operational testing and evaluation, and insisting the Pentagon pass a financial audit.

Exercising Congress's "power of the

purse" effectively means always looking to drive a hard bargain with every purchase we make. But acting contrary to that principle, Congress loosened the terms of the Truth in Negotiations Act in 2022, raising the contract value threshold for transactions that require certified cost data from \$750,000 to \$2 million, among other changes. Congress should reverse these changes and otherwise seek greater control over defense contractor pricing, not less.

Understanding what the American people get for their defense dollar is also key to getting better value. Unqualified financial audits, while not a cure in and of themselves, are at least a means of quantifying the value of the Defense Department's assets so that they can be compared year over year. Congress should insist on clean audits and impose financial penalties for Pentagon components that continue to fail to do so.

Congress must exercise its constitutional roles of oversight and "power of the purse" to ensure that we are

getting what we pay for. It must lose no time in enacting legislation that will lower costs, provide greater transparency, and ensure the effectiveness of costly weapons systems.

Ensuring the weapons we buy actually work is crucial to our ability to deter and defeat our adversaries. With that in mind, the Pentagon is required to complete realistic testing of major weapons systems before authorizing full rate production. However, this is only meaningful if those reports are accessible to congressional staff and if Congress acts on the results. In the case of the F-35, over 990 aircraft were purchased before full rate production was authorized, and in 2024 when the final operational test report described numerous defects, Congress made no objection to the Defense Department authorizing full rate production. To effectively wield the "power of the purse," Congress must insist on timelier and more accessible operational testing, and it must refuse further production when the results are unsatisfactory. ■

Exposing Flaws in Pentagon Production

LAST FALL, CDI obtained a **declassified report** from the Pentagon. The report showed that Defense Department testing revealed serious issues with the F-35 program, including problems with availability, reliability, delays, and a gun that still doesn't hit its targets.

This report was submitted to Congress, CDI learned, about one month before it approved full-rate production of the F-35.

The report sent shockwaves through the defense space. Here's how your support rekindled conversations about the value of the most expensive weapons system in history.



THE WARZONE

F-35A's 25mm Gun Still Needs Tests To Verify It Works

Newsweek

Why F-35 Fighter Jets Are "Obsolete", According to Elon Musk

Defense One

BUSINESS

Lockheed braces for new administration as Musk targets F-35

THE NATIONAL INTEREST

\$1,000,000,000,000 Problem: The F-35 Nightmare Just Won't End

Bloomberg

Politics

Declassified Pentagon F-35 Study Details Reliability, Security Woes for America's Costliest Weapon



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The Project On Government Oversight (POGO) is a nonpartisan independent watchdog that investigates and exposes waste, corruption, abuse of power, and when the government fails to serve the public or silences those who report wrongdoing. We champion reforms to achieve a more effective, ethical, and accountable federal government that safeguards constitutional principles.

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