

2013 Wastebook: Entertaining and Eye-Opening

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Last month, Senator Tom Coburn (R-OK) released his annual report on federal waste, documenting nearly \$30 billion in wasteful government spending, up from \$18 billion documented last year. The report, Wastebook 2013, identifies 100 programs that in Senator Coburn's words represent "mismanagement and stupidity."

"Had Congress, in particular, been focused on doing its job of setting priorities and cutting the kind of wasteful spending outlined in this report, we could have avoided both a government shutdown and a flawed budget deal that was designed to avert a shutdown," states Coburn in the [report](#).

Coburn's research identifies federal funding to provide benefits to the Fort Hood shooter, study of romance novels, help the State Department buy Facebook fans and even help NASA study Congress. For purposes of this blog, I've attempted to highlight programs that contain some form of IT or federal contracting implications, but I encourage you to browse through the entire 175 page report if for nothing more than amusement and entertainment purposes.

Let Me Google That for You: National Technical Information Service – (Commerce) \$50M: Department of Commerce's National Technical Information Service (NTIS) was established more than 60 years ago to collect scientific, technical, engineering, and business-related information and reports, and sells them to other federal agencies. But with the advent of the internet, most of these documents are available for free online. NIST has essentially become the "let me Google that for you" office of the federal government to the tune of \$50M in 2013.

Millions Spent Building, Promoting an Insurance Plan Few Want and a Website that Doesn't Work – (HHS) At least \$379M: We are all aware of the flawed rollout of Healthcare.gov. Coburn's report quips that Obamacare is perhaps the biggest marketing flop since Coca-Cola introduced the world to "New Coke" in 1985. The cost to build Healthcare.gov is estimated at \$319 million so far. "The total amount to be spent nationally on publicity, marketing and advertising will be at least \$684 million, according to data compiled The Associated Press from federal and state sources."

Status Update: Facebook Pays No Taxes, Instead gets a Tax Refund – (IRS) \$295M: Facebook, one of America's largest companies, avoided paying federal or state income taxes for 2012, and is poised to do so again this year. In fact, they will likely receive a check from the federal government in the form of a tax refund. By providing stock options as a major form of compensation, they are able to use them for federal and state stock option deductions to offset pretax profit.

State Department "Buys Fans" to Increase Facebook "Likes" – (State) \$630K: The State Department spent \$630,000 "buying fans" for its Facebook and Twitter accounts. The effort was undertaken by the Bureau of International Information Programs (IIP) to build America's reputation with foreign audiences. The program was a huge flop. Even though the effort generated thousands of likes, few people engaged with the State Department on either site.

Duplicative and Wasteful IT Systems – \$321M: The federal government spends more than \$82 billion on IT each year, but according to a recent GAO report three agencies have spent \$321 million for overlapping IT purposes over the past several years. HHS maintains the most costly duplicative IT systems according to GAO, totaling \$260.38 million. HHS maintains four systems related to Enterprise Information Security and two IT systems that are used for Medicare coverage both containing similar information. DoD and DHS were also cited as having costly duplicative IT systems by GAO.

Can You Hear Me Now? Millions Wasted on Untested, Malfunctioning IT – (USDA) \$20M: The USDA forked over \$20 million to several companies for mobile device management (MDM) integration which is now one year behind schedule and malfunctioning. One contractor's software is not even compatible with part of the USDA's network security infrastructure. Eight months after the MDM system was supposed to have completed a 30-day, 3,000 phone test phase, this test phase has been pushed back, and the USDA is still just testing one component of the contractor's incompatible software to determine whether the software will be used or abandoned.

The Bottom Line

During the introduction of the report, Coburn suggests, "...place your personal political persuasion aside and ask yourself: Do each of these represent a real national priority that should be spared from budget cuts or are these excesses that should have been eliminated in order to spare deeper cuts to those services and missions that should be performed by the federal government?"

The bottom line is that the federal government still has a long way to go in order to curb pet projects, wasteful spending, and fraud. Federal agencies perpetually will face tighter budgets while endeavoring to become more efficient and effective. In some cases, technology can help identify wasteful spending, and root out fraud and abuse. Agencies will continue to strive to improve operations, processes, and payment accuracy in order to save taxpayers' money, leaving the market ripe for continued contractor support, especially in the areas of financial management, payment accuracy, and fraud prevention.