

Amendment # 3107

Require DOD to Sell, rather than give away, unused Department of Defense equipment

SAVINGS: \$500 MILLION

The Department of Defense gives away millions of dollars worth of new, unused, or excellent-condition equipment to state and local federal agencies.

The Defense Logistics Agency stated that the Department of Defense gave away around \$200 million worth of equipment annually to state agencies in Fiscal Year 2005, the latest year figures are available.¹

Assuming a 25 percent resell rate for this equipment, changing the rules could save over \$500 million the next decade. The Department of Defense, under current rules, is allowed to transfer new, unused, and high quality equipment to other federal agencies, state, and local governments at no charge.

This creates a perverse incentive for federal agencies to acquire equipment just because it is free, not because they need it. For state and local governments needing the equipment, it is at no cost to them. However, the Government Accountability Office (GAO) noted the military had some trouble in executing this program.

¹ GAO Report 05-729T, "DOD Excess Property: Management Control Breakdowns Result in Substantial Waste and Efficiency," Government Accountability Office, June 7, 2005, <http://www.gao.gov/new.items/d05729t.pdf>.
Grasso, Valerie, Email from Congressional Research Service to Defense Logistics Agency, May 26, 2010.

The Defense Reutilization and Marketing Service (DRMS) is giving away or selling items for pennies on the dollar that the Department of Defense continues to purchase. GAO identified at least \$400 million of fiscal year 2002 and 2003 commodity purchases when identical new, unused, and excellent condition items were available for reutilization.²

² GAO Report 05-729T, "DOD Excess Property: Management Control Breakdowns Result in Substantial Waste and Efficiency," Government Accountability Office, June 7, 2005, <http://www.gao.gov/new.items/d05729t.pdf>.