

Congress of the United States
Washington, DC 20510

September 25, 2020

Sean O'Donnell
Acting Inspector General
Office of Inspector General
United States Department of Defense
4800 Mark Center Drive
Alexandria, VA 22350-1500

Dear Mr. O'Donnell:

We write to request that the Inspector General for the Department of Defense (DoD, or the Department) review the potential misuse of funds by the Department that were meant “to prevent, prepare for, and respond to coronavirus, domestically or internationally.”¹

The *Coronavirus, Aid, Relief, and Economic Security Act* (CARES Act)² provided \$1 billion to fund Department efforts pursuant to the Defense Production Act (DPA)³ to manufacture personal protective equipment (PPE) and other supplies to protect Americans from COVID-19.⁴ But according to press reports,⁵ DoD redirected the vast majority of these funds - \$688 million of \$1 billion - “to defense contractors and used to make things such as jet engine parts, body armor and dress uniforms.”⁶ However, the Department “decided to give defense contractors hundreds of millions of dollars from the fund, mostly for projects that have little to

¹ The Coronavirus, Aid, Relief, and Economic Security (CARES) Act, P.L. 116-136
<https://www.congress.gov/116/plaws/publ136/PLAW-116publ136.pdf>.

² *Id.*

³ The Coronavirus, Aid, Relief, and Economic Security (CARES) Act, P.L. 116-136
<https://www.congress.gov/116/plaws/publ136/PLAW-116publ136.pdf>; The New York Times, “Despite Claims, Trump Rarely Uses Wartime Law in Battle Against Covid,” Andrew Jacobs, September 22, 2020,
<https://www.nytimes.com/2020/09/22/health/Covid-Trump-Defense-Production-Act.html>.

⁴ The Washington Post, “Pentagon used taxpayer money meant for masks and swabs to make jet engine parts and body armor,” Aaron Gregg and Yeganeh Tobati, September 22, 2020,
<https://www.washingtonpost.com/business/2020/09/22/covid-funds-pentagon/>.

⁵ The Washington Post, “Pentagon used taxpayer money meant for masks and swabs to make jet engine parts and body armor,” Aaron Gregg and Yeganeh Tobati, September 22, 2020,
<https://www.washingtonpost.com/business/2020/09/22/covid-funds-pentagon/>; Task and Purpose, “The Pentagon used money for the COVID-19 response as a slush fund for defense contractors,” September 22, 2020,
<https://taskandpurpose.com/news/pentagon-covid-19-bailout-defense-contractors>; The Hill, “Pentagon redirected pandemic funds to defense contractors,” Justine Coleman, September 22, 2020,
https://thehill.com/policy/defense/517520-pentagon-redirected-pandemic-funds-to-defense-contractors-report?utm_source=&utm_medium=email&utm_campaign=33400.

⁶ The Washington Post, “Pentagon used taxpayer money meant for masks and swabs to make jet engine parts and body armor,” Aaron Gregg and Yeganeh Tobati, September 22, 2020,
<https://www.washingtonpost.com/business/2020/09/22/covid-funds-pentagon/>.

do with the coronavirus response.”⁷ In addition, it appears that some defense firms effectively received a double bailout because “government data shows that at least 10 of the approximately 30 companies known to have received the Defense Department DPA funds also received loans through the Paycheck Protection Program, another relief package created by the CARES Act.”⁸ And some of these companies may have benefitted from a third bailout through DoD’s expanded issuance of “progress payments,” most of which went to the Department’s five largest contractors.⁹ In its review, the DoD Inspector General should include a determination of whether these expenditures were needlessly duplicative.

Instead of addressing the urgent needs of a pandemic that has killed over 200,000 Americans,¹⁰ it appears DoD used taxpayer money meant to protect lives from COVID-19 to pad the pockets of defense contractors. A *New York Times* review of the Trump Administration’s use of the DPA¹¹ found that “all but six of” 80 examples of DPA use touted by the White House “were either executive orders unrelated to the production of medical equipment or Defense Department expenditures that do not address the nation’s supply shortages.”¹²

States need \$6 billion to distribute COVID-19 vaccines to Americans and hospitals continue to endure a shortage of N95 masks.¹³ While the Department already enjoys the largest discretionary budget of any federal agency, estimated at \$723 billion for Fiscal Year 2020,¹⁴ the Pentagon’s troubling redistribution of COVID-19 relief funds has not deterred it from requesting

⁷ The Washington Post, “Pentagon used taxpayer money meant for masks and swabs to make jet engine parts and body armor,” Aaron Gregg and Yeganeh Tobati, September 22, 2020, <https://www.washingtonpost.com/business/2020/09/22/covid-funds-pentagon/>.

⁸ *Id.*

⁹ Senator Elizabeth Warren Press Office, “After Inquiry from Warren, Department of Defense Says Big Defense Contractors Cannot Divert Increased Progress Payments During COVID-19 to Share Buybacks, Dividends, or Executive Salaries,” July 15, 2020, <https://www.warren.senate.gov/newsroom/press-releases/after-inquiry-from-warren-department-of-defense-says-big-defense-contractors-cannot-divert-increased-progress-payments-during-covid-19-to-share-buybacks-dividends-or-executive-salaries>; Bloomberg, “Lockheed, Boeing Got Half of \$2.3 Billion in Pentagon Virus Cash,” Anthony Capaccio, July 22, 2020, <https://www.bloomberg.com/news/articles/2020-07-22/lockheed-boeing-got-half-of-2-3-billion-in-pentagon-virus-cash>.

¹⁰ Johns Hopkins University & Medicine, “COVID-19 in the USA, September 23, 2020, <https://coronavirus.jhu.edu/>.

¹¹ The White House, “How President Trump Uses the Defense Production Act to Protect America from the China Virus,” August 13, 2020, <https://www.whitehouse.gov/wp-content/uploads/2020/08/OTMP-DPA-Report-FINAL-8.13.20.pdf>.

¹² The New York Times, “Despite Claims, Trump Rarely Uses Wartime Law in Battle Against Covid,” Andrew Jacobs, September 22, 2020, <https://www.nytimes.com/2020/09/22/health/Covid-Trump-Defense-Production-Act.html>.

¹³ The Washington Post, “Top health official says states need about \$6 billion from Congress to distribute coronavirus vaccine,” Lena Sun, September 16, 2020, <https://www.washingtonpost.com/health/2020/09/16/vaccine-distribution-roadmap/>; The Washington Post, “Pentagon used taxpayer money meant for masks and swabs to make jet engine parts and body armor,” Aaron Gregg and Yeganeh Tobati, September 22, 2020, <https://www.washingtonpost.com/business/2020/09/22/covid-funds-pentagon/>.

¹⁴ Congressional Budget Office, CBO Report on the Status of Discretionary Appropriations, Fiscal Year 2020, House of Representatives (as of April 24, 2020) <https://www.cbo.gov/system/files?file=2020-05/FY2020-House-2020-4-24.pdf#page=2>; Scientific American, “It’s Time to Rein in Inflated Military Budgets,” Elliott Negin, September 14, 2020, <https://www.scientificamerican.com/article/its-time-to-rein-in-inflated-military-budgets/>.

an additional \$11 billion in a subsequent stimulus bill passed by Congress.¹⁵ The reported misuse by DoD of federal funds meant for the response to the deadly pandemic plaguing our country is inconsistent with the will of Congress and may be illegal. Accordingly, we request that the Inspector General investigate DoD's redistribution of CARES Act funds that were intended by Congress to respond to COVID-19 via the *Defense Production Act*.

Thank you for your consideration of our request.

Sincerely,

_____/S/
Elizabeth Warren
United States Senator

_____/S/
Ro Khanna
Member of Congress

¹⁵ The Washington Post, "Pentagon used taxpayer money meant for masks and swabs to make jet engine parts and body armor," Aaron Gregg and Yeganeh Tobati, September 22, 2020, <https://www.washingtonpost.com/business/2020/09/22/covid-funds-pentagon/>; Task and Purpose, "The Pentagon used money for the COVID-19 response as a slush fund for defense contractors," September 22, 2020, <https://taskandpurpose.com/news/pentagon-covid-19-bailout-defense-contractors>; The Hill, "Pentagon redirected pandemic funds to defense contractors," Justine Coleman, September 22, 2020, https://thehill.com/policy/defense/517520-pentagon-redirected-pandemic-funds-to-defense-contractors-report?utm_source=&utm_medium=email&utm_campaign=33400.