

Committee on Oversight & Reform
Full Committee Hearing
*Price Gouging in Military Contracts: New Inspector General Report Exposes
Excess Profit Obtained by TransDigm Group*
Wednesday, January 19, 2022
9:30 a.m.

Opening Remarks:

Thank you, Chair Maloney and Ranking Member Comer for having this hearing.

Although I was not a Member of Congress at the time, this Committee held a hearing in 2019 examining a DOD Office of Inspector General report that found TransDigm received 16.1 million dollars in excess profits on 46 of 47 spare military aircraft parts, which the corporation subsequently repaid to DOD. After that 2019 hearing, this committee asked OIG to examine the company's profits on additional DOD contracts. The report issued in December 2021 included findings of excess profits similar to those found in 2019. I am concerned by the findings of the IG related to 20.8 million dollars in excess profits on 105 of 106 types of spare parts reviewed and the conclusion that the parts were not obtained at fair and reasonable prices. I am especially concerned as TransDigm is headquartered in my Congressional District and this audit is the third time since 2006 the OIG found it received profits that were more than fair and reasonable.

The IG's findings speak for themselves and warrant action. But as the report includes acknowledgments by the IG that the negotiations and data provided did not violate current law or policy, I am most interested in what can be done to ensure taxpayer dollars are not used to prop up profits.

We must empower our contracting officers to protect our military, safeguard taxpayer dollars and encourage true fair and reasonable pricing through congressional oversight and further updates to administrative policy.

Madame Chair, I yield back.