

**Statement for the Record**  
**Rep. Jim Jordan**  
**House Oversight and Reform Committee**  
**“Price Gouging in Military Contracts: New Inspector General Report Exposes Excess Profit Obtained by TransDigm Group.”**  
**January 19, 2022**

I am disappointed that this hearing is simply a rerun. Two and a half years ago, we had the same hearing with many of the same witnesses. We should be focused on improvements to defense contracting and the acquisition process to reduce wasteful spending without hamstringing the readiness of our armed forces. Instead, this hearing is just another example of Democrats going after an American company for simply doing business.

The worldwide threats confronting our Nation have never been more complex, and uncertain. The defense acquisition system must provide the most capable, innovative, and cost-effective equipment, but it has clearly faltered. It is too complicated, too slow, and too expensive, and it does not consider how businesses operate and the goals that they have.

The Department of Defense Inspector General has audited TransDigm three times since 2006. In all three reports, the DODIG made clear that TransDigm followed all procurement laws and policies. In the two most recent audits, the DODIG applied an arbitrary 15% profit standard that deems any profit above that mark to be ‘excessive’. The DODIG then asserts that 15% should not be a benchmark for negotiating fixed price contracts. The DODIG also failed to consider many real costs such as taxes and interest when calculating costs, without providing a reasonable explanation for their methodology. Many of the issues raised by the DODIG are longstanding flaws in DOD’s acquisition process, not issues created by the contracts of a sole company providing spare parts.

Democrats have presided over trillions in wasted spending, driving inflation to an all-time high. In a time when we have chronic supply chain shortages and the government is spending billions to incentivize companies to bring their manufacturing plants back to the United States, Democrats are focused on criticizing this company based on arbitrary standards. I am hopeful that when this hearing is completed, we can shift our focus to the many real, pressing challenges that America faces.