

Project On Government Oversight



2003
annual report



Thanks to our growing network of supporters, POGO had its most important year ever in making our government more open and accountable to its citizens. From the high-profile scandals involving the Los Alamos National Laboratory and defense contractor Boeing, to investigations into the Pentagon's revolving door, POGO's

Letter from the Executive Director

investigations in 2003 uncovered and thwarted some of the most egregious cases of corruption in recent memory. At a time when democracy in America is under duress because of increased government secrecy and the elevated role of private interests in dictating federal policy, POGO helped keep the system in check by ensuring that the interests of the public were kept foremost in the minds of government officials. Thank you for your role in helping us—whether you are a reporter who covers our issues, a donor, an ally, a concerned government employee, or a believer in good government. POGO's accomplishments in 2003 were made possible by you—our friends and supporters.

Danielle Brian

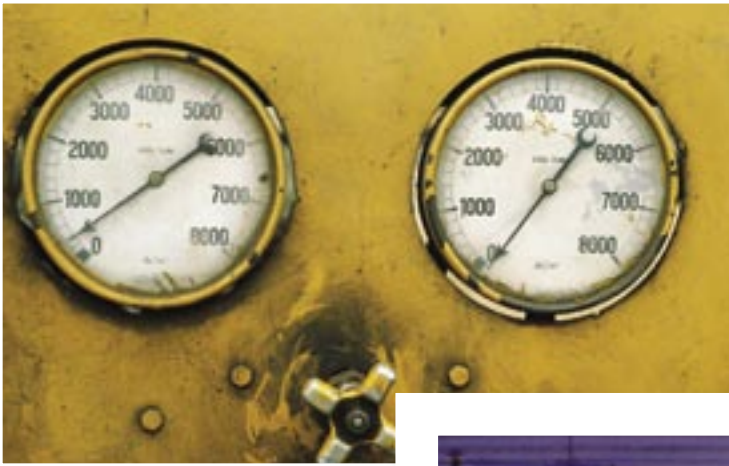


About POGO

The Project On Government Oversight (POGO) investigates, exposes, and seeks to remedy systemic abuses of power, mismanagement, and subservience by the federal government to powerful special interests. Founded in 1981, we are a politically-independent, nonprofit watchdog that strives to promote a government that is accountable to the citizenry.

"I appreciate the tenacity, integrity and standard of excellence that The Project demands in its investigative work."

Senator Charles Grassley (IA)



"I commend the Project On Government Oversight (POGO) for its important work in exposing systemic mismanagement and abuse within the Federal government. POGO provides an investigative service that is unique and highly valuable."

Representative Edward J. Markey (MA)

2003 ACCOMPLISHMENTS

Contractor Accountability

POGO's Contractor Accountability Investigations document the temptations of the federal government's revolving door and cases where protections must be strengthened against contractor misconduct.

- POGO's report, *Federal Contractor Misconduct: Failures of the Suspension and Debarment System*, inspired officials to more closely follow laws that require the government to bar unethical companies from receiving government contracts. As a result, for the first time in more than a decade, major contractors involved in misconduct were suspended from government contracts, including Boeing, Enron, and MCI/Worldcom.
- Publicity inspired by POGO's report, *Pickpocketing the Taxpayer: The Insidious Effects of Acquisition Reform*, fueled the defeat of legislation backed by hundreds of defense and technology contractors that would have forced the government to turn a blind eye to taxpayer ripoffs.
- POGO's report, *Federal Contracting and Iraq Reconstruction*, helped the Congress, journalists, and the general public understand how changes in contracting law allowed for abuses in Iraq.
- POGO's investigation, *The Politics of Contracting*, documented the revolving door between government and industry that harms the public interest.

Homeland Security

The devastating terrorist attacks of September 11, 2001 forever changed our nation's perspective. POGO's Homeland Security Investigations are challenging the government for failing to adequately protect the public.

- As a result of POGO's report, *Nuclear Power Plant Security: Voices From Inside the Fences*, the Nuclear Regulatory Commission required nuclear power plants to improve training and working conditions for security guards.
- POGO's investigations and disclosures documenting inadequate security at nuclear weapons facilities led Department of Energy Secretary Spencer Abraham to announce a major security overhaul at nuclear labs. Congressional hearings confirmed many of the findings in POGO's report, *U.S. Nuclear Weapons Complex: Security at Risk*.

IN THIS TEMPLE
IS IN THE HEARTS OF THE PEOPLE
FOR WHOM HE SAVED THE UNION
THE MEMORY OF ABRAHAM LINCOLN
IS ENSHRINED FOREVER.



2003 ACCOMPLISHMENTS CONT'D

- The Department of Energy adopted POGO's recommendation that it relocate weapons-grade plutonium and uranium from an indefensible part of Los Alamos National Laboratory known as TA-18, the site in the nuclear weapons complex most vulnerable to terrorist attack. Closure of TA-18 represents the most significant step forward in consolidation of the nuclear weapons complex in years.
- POGO worked with insiders and whistleblowers at Los Alamos National Laboratory to expose fraud, corruption, national security breaches, and whistleblower retaliation. Hundreds of news articles later, the Lab was forced to reorganize, with the Director and 17 top management staff leaving their posts. Whistleblowers who were fired were placed back on the payroll and received settlements of more than \$1 million. By making an example of Los Alamos, POGO sent a clear message to managers throughout the nuclear weapons complex that corruption and retaliation are risky business.

"The largest gains in nuclear power plant security since September 11 have resulted from POGO's efforts. POGO's work has lessened and should continue to lessen the threat to millions of Americans from sabotage of nuclear power plants."

David Lochbaum, Nuclear Safety Engineer, Union of Concerned Scientists

Defense Investigations

POGO's Defense Investigations helped expose cases where private financial interests, rather than national security needs, drove Pentagon decision-making.

- POGO's report, *Fill-Er Up: Back-Door Deal for Boeing Will Leave the Taxpayer on Empty*, helped expose and defeat a \$30 billion sweetheart deal to lease rather than buy aircraft from Boeing. Working with Senator John McCain (AZ) throughout 2003, POGO drew attention to the revolving door case of Darleen Druyun, an Air Force official who engineered the leasing deal before landing a lucrative position at Boeing. Druyun was subsequently fired for her conflicts of interest, and Boeing's CEO and CFO went down with her in the widely-publicized scandal.
- POGO exposed and helped to defeat an attempt by the Pentagon to waive Congressional financial oversight reporting requirements on the most wasteful, over-budget programs.



"...the Project On Government Oversight remains one of the most respected and unflappable watchdogs in Washington with its laser-like focus on complex issues of waste and abuse affecting the military, contractors and government spending."

Roll Call, Capitol Hill Newspaper



2003 ACCOMPLISHMENTS CONT'D

- POGO exposed a taxpayer-paid romp to the Taj Mahal Casino in Atlantic City for Defense Department officials. The party was cancelled after being lampooned in Al Kamen's "In the Loop" column in *The Washington Post*.
- In the ongoing conflicts in Afghanistan and Iraq, POGO has countered Pentagon propaganda on the performance of weapons including the Patriot Missile, the F-18 fighter jet, and the Predator drone.

Government Secrecy

POGO's Government Secrecy Investigations have improved government transparency and public accountability.

- POGO forced the Nuclear Regulatory Commission to back down from its efforts to silence the organization's criticisms of security testing at the Indian Point nuclear power plant.
- In collaboration with Public Employees for Environmental Responsibility and Government Accountability Project, POGO published *The Art of Anonymous Activism: Serving the Public While Surviving Public Service*, a how-to guide for government employees who blow the whistle.

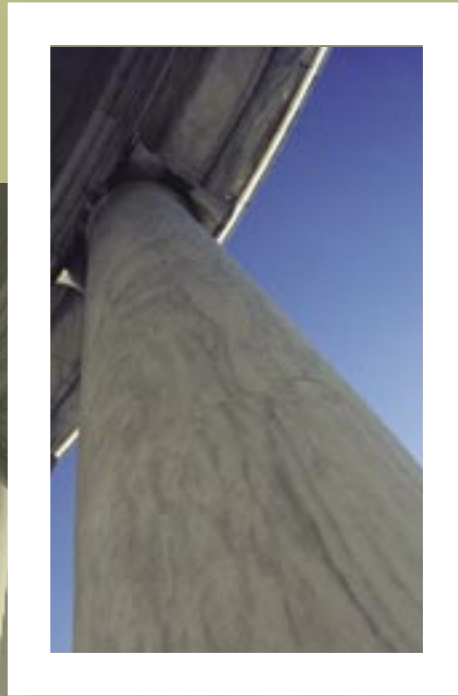
OUTREACH AND IMPACT

News Media

POGO's work reached tens of millions of Americans through coverage in major media outlets, including: 60 Minutes, NBC Dateline, CNN, Fox News, NBC News, ABC's Good Morning America, *The Washington Post*, *Wall Street Journal*, *New York Times*, *Los Angeles Times*, *USA Today*, *Business Week*, *Time*, *U.S. News & World Report*, and National Public Radio, among others.

Policymakers

Several Congressional hearings were called as a result of POGO's research and many members of Congress used POGO-generated information throughout the year. POGO is invited to testify or speak at roughly ten Congressional hearings and events every year. POGO also regularly provides briefings for policymakers on its investigative findings.

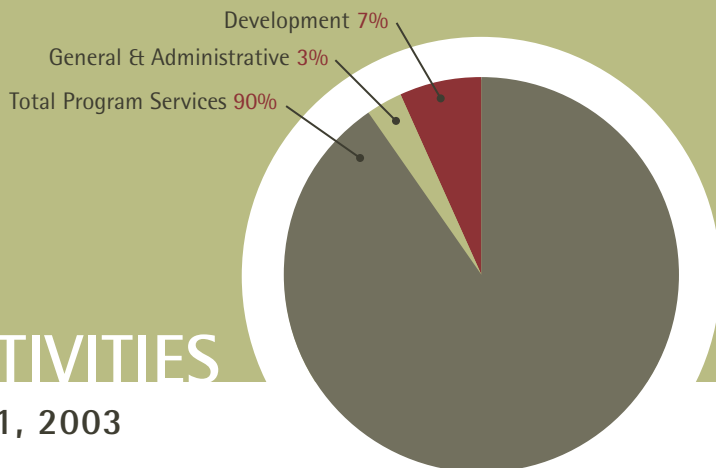


"POGO: fearless, indefatigable, and savvy. To hold federal officials accountable to the people they represent, POGO goes where few organizations dare tread to expose inefficiencies and outright corruption. Thank goodness they are there. "

Lee Wasserman, Director, Rockefeller Family Fund

"I commend your organization for its strong commitment to exposing abuses of power within the federal government and bringing those abuses to Congress' attention."

Senator John McCain (AZ)



STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2003

	UNRESTRICTED	TEMPORARILY RESTRICTED	2003 TOTAL	2002 TOTAL
REVENUE & SUPPORT				
Grants	\$142,249	\$405,000	\$547,249	\$388,000
Contributions	166,017	—	166,017	18,465
Investment Income	43,610	—	43,610	(2,723)
Special events	8,281	—	8,281	3,650
Publication and other income	2,421	—	2,421	988
Net assets released from restrictions:				
Satisfaction of program restrictions	272,500	(272,500)	—	—
TOTAL REVENUE AND SUPPORT	635,078	132,500	767,578	408,380
EXPENSES				
Program Services				
Nuclear Security Investigations	186,610	—	186,610	200,546
Defense Investigations	165,846	—	165,846	138,185
Contractor Accountability	131,360	—	131,360	103,195
General program	62,519	—	62,519	109,430
Government Secrecy Investigations	55,266	—	55,266	136,730
Energy and Environment Investigations	20,779	—	20,779	63,957
Lobbying	6,562	—	6,562	6,796
Total Program Services	628,942	—	628,942	758,839
Supporting Services				
General and administrative	20,724	—	20,724	21,793
Development	46,764	—	46,764	46,574
Total Supporting Services	67,488	—	67,488	68,367
TOTAL EXPENSES	696,430	—	696,430	827,206
Change in Net Assets	(61,352)	132,500	71,148	(418,826)
NET ASSETS, BEGINNING OF YEAR	1,095,137	80,000	1,175,137	1,593,963
NET ASSETS, END OF YEAR	\$1,033,785	\$212,500	\$1,246,285	\$1,175,137



“POGO represents the strength of our democracy because it is the kind of organization only America has. It provides independent oversight and acts as an outlet for people inside the system who are denied a voice.”

Franklin C. Spinney, retired Staff Analyst for the Office of the Secretary of Defense

POGO

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“Oversight is one of Congress’ most important responsibilities. I commend the Project on Government Oversight for its strong commitment to accountability and integrity in government. POGO has been an invaluable partner in our oversight of tactical aircraft acquisitions and nuclear weapons complex security. Their work has always been highly professional, insightful and accessible. ”

Representative Christopher Shays (CT)



FOUNDATION SUPPORTERS \$5,000+

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"POGO provides a funder the best return for an investment in Washington...and the return is not just in a well-run and productive nonprofit, but in a more transparent and accountable government, and more importantly, in a more open and richer democracy."

Gerri Mannion, Chair, Strengthening U.S. Democracy and Special Opportunities Fund, Carnegie Corporation of New York

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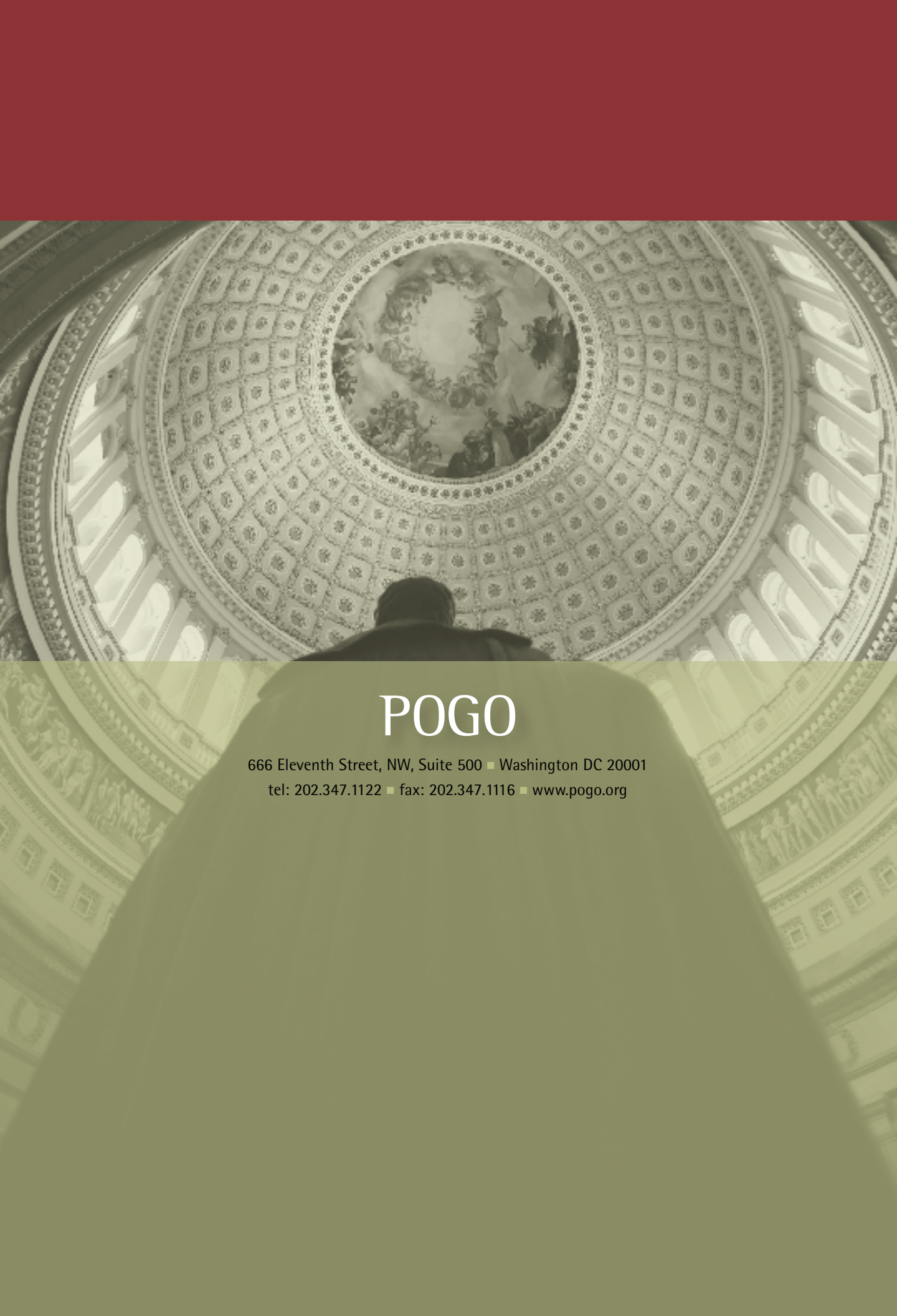
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