"Where Do We Go From Here? Examining a Path Forward to Assess Agencies' Efforts to Prevent Improper Payments and Fraud"
10:00 AM, Tuesday, September 10, 2024
2154 Rayburn House Office Building
Congressman Gerald E. Connolly (D-VA)

In 2023, the federal government spent roughly $3.8 trillion to administer programs that support individuals, families, and businesses.[1] Unfortunately, improper payments—defined as "*any payment that should not have been made or was made in an incorrect amount, including an **overpayment or underpaymen**t, under a statutory, contractual, administrative, or other legally applicable requirement*"— are not a new challenge. These errors have been a persistent issue across all 50 states. Over the last 20 fiscal years, the federal government has made an estimated $2.7 trillion in improper payments.[2] Improper payments have steadily increased since 2002 —they peaked in in 2021 at $281 billion as the federal government sought to provide critical relief to our nation's most vulnerable citizens. Improper payment totals have decreased since then, but have remained above pre-pandemic levels, with an estimated $236 billion in estimated improper payments in 2023.[3]

When benefits are distributed as Congress intends, our nation's most vulnerable receive the critical services they need. But when federal programs cannot ensure that funding is properly allocated, those in true need suffer. That is why, in the last Congress, as Chairman of this Subcommittee, I convened a hearing on this very issue and introduced the Strengthening Tools to Obstruct and Prevent (STOP) Fraud Act, which passed this Committee in the 117th Congress.

The federal government's longstanding struggle with improper payments can be attributed to a variety of factors. Over the years, both Congress and successive administrations have taken steps to address these challenges. These efforts include transparency-focused legislation passed between 2002 and 2019, the Obama Administration's launch of PaymentAccuracy.gov to improve tracking and transparency of federal payments, and the Biden Administration's 2023 Pandemic Anti-Fraud Proposal. The Biden Administration's proposal, which called for additional resources for pandemic related fraud investigations as well as investments to prevent fraud and identity theft, demonstrates the administration's dedication to stemming the harmful effects of improper payments. In addition, the Pandemic Response Accountability Committee, an independent oversight committee within the Council of the Inspectors General on Integrity and Efficiency, or CIGIE, has worked diligently to conduct oversight of pandemic relief spending and hold those who have abused pandemic relief programs accountable.

Despite concerted efforts, improper payments continue to rise. The most significant unresolved challenge is that the oversight community does not consistently collect, share, or analyze the data necessary to track the funds distributed by essential government programs. As a result, a recent GAO report revealed that the federal government is currently unable to fully assess the scope of improper payments or ensure that agencies take adequate corrective actions.[4] This subcommittee has worked in a bipartisan fashion and in consultation with GAO for several months to create a scorecard that would track selected agencies' progress on reducing improper payments, however, lack of access to required data have made this task challenging.

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[1]https://www.cbo.gov/publication/59728#:~:text=Mandatory%20outlays%20by%20the%20federal,the%20major%20health%20care%20programs.

[2] https://www.gao.gov/blog/federal-government-made-236-billion-improper-payments-last-fiscal-year

[3] https://www.gao.gov/products/gao-24-106927

[4]*https://www.cbo.gov/publication/59728#:~:text=Mandatory%20outlays%20by%20the%20federal,the%20major%20 20health%20care%20programs.*

Beyond the risk of fraud, improper payments pose another critical threat: when Congress and oversight bodies are unable to track program spending, it becomes impossible to measure whether the most vulnerable communities are receiving the assistance they need—especially during periods of economic uncertainty, such as the 2008 financial crisis or the COVID-19 pandemic.

That is why I plan to reintroduce the STOP Fraud Act, which will empower agencies to use data and analytics to reduce improper payments and will make it easier for families and businesses to access essential government services. The bill would also establish a dedicated antifraud office within the Office of Management and Budget. This office would assist agencies and provide technical support to help them create outcome-focused initiatives to reduce fraud and save taxpayer dollars. The office would also establish an online, public dashboard that tracks cost savings and efforts to fight fraud.

Republicans opposed the bill because it created concrete architecture dedicated to stopping improper payments. It is my hope that upon further examination, my Republican colleagues will come to appreciate the necessity of greater federal oversight and resources dedicated to stopping improper payments. In fact, the establishment of such an office is an essential step in creating an incentive structure that rewards Federal agencies for proactively preventing improper payments. Such an incentive structure stands to provide a massive return on investment to the federal government. If we can establish a system that better incentivizes the prevention of fraud and improper payments, we can save the federal government billions up front, rather than investing in efforts to mitigate the impact of improper payments down the road.

If Congress is serious about tackling this nationwide issue, it must also commit to funding efforts to combat improper payments and fraud, including adopting and modernizing systems to improve program data collection, analysis, and sharing. Funding better automation and analytics in agencies that support key government assistance programs is essential to preventing improper payments in the first place – and has the potential to pay for itself. Without the necessary resources, agencies lack the ability adopt systems that could both save taxpayer dollars in the long run through the prevention of fraud and overpayments *and* ensure urgent aid reaches those who need it most, particularly during times of crisis.

At its core, curbing improper payments is about ensuring money goes where Congress intended. Republican or Democrat, we can all agree that this is a goal worth pursuing. I look forward to working with my colleagues across the aisle to address this pressing issue.