



## **Opening Statement of Chairman Rich McCormick**

Investigations and Oversight Subcommittee Hearing

*“Safeguarding Federal Research Funds: The False Claims Act's Role in Combating Grant Fraud”*

June 24, 2026

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Today’s hearing will examine an issue at the intersection of scientific innovation, government accountability, and national security. The United States invests tens of billions of taxpayer dollars every year in research conducted at universities, hospitals, and laboratories across the country to keep America at the frontier of science and protect our national interests. That investment only succeeds if the systems designed to protect it function effectively. Right now, in too many cases, they do not.

Consider the scale of the problem. A 2024 Government Accountability Office report estimated that fraud costs the federal government somewhere between \$233 billion and \$521 billion every year, and federally funded research represents a meaningful share of that exposure. Last fiscal year, the Department of Justice recovered \$6.8 billion through False Claims Act settlements and judgments, the highest single-year total in the statute's 160-year history. Nearly 1,300 of those cases were brought not by government auditors but by whistleblowers who came forward on their own, accounting for more than \$5.3 billion of that recovery. That tells us something important: the misconduct existed. In many cases, our own systems did not find it. Brave whistleblowers had to come forward and expose it.

Then there is what that fraud actually entails. It is relatively rare for a researcher to invent data from nothing, though that happens. More often, it is quieter: a grant application that overstates compliance, a progress report that omits an inconvenient fact, or a certification that says everything is in order when it is not. These misrepresentations are material. They affect which projects get funded, how closely they are monitored, and whether the public can trust that its tax dollars produced what was promised.

Undisclosed foreign funding follows the same pattern, but the stakes are higher. Federal law requires institutions to disclose substantial foreign gifts and contracts precisely so agencies can evaluate conflicts of interest, intellectual property risks, and outside influence over taxpayer-funded work. When that disclosure does not happen, agencies make funding and oversight decisions with incomplete information at the exact moment our strategic competitors are working hard to access America's innovation pipeline. That is not an abstract concern. It is a recurring finding across multiple federal reviews, and it deserves this Committee's continued attention.

Cybersecurity compliance raises a related concern. Many federal awards require recipients to protect sensitive, taxpayer-funded data using specific, well-established standards. When an

institution falsely certifies that it meets those standards, that is not merely a paperwork violation. It is exposing exactly the kind of information our adversaries are trying to obtain. The Department of Justice recovered more than \$52 million last fiscal year in cybersecurity-related False Claims Act settlements alone and, notably, most of those cases involved misrepresentation rather than an actual breach. That is the system working as intended: catching the false certification before it becomes a national security incident, rather than after one occurs.

I want to be clear about something. The overwhelming majority of researchers and institutions that receive federal funding do honest work and meet their obligations. This hearing is not an indictment of American science. But we have an obligation to ask whether the systems meant to catch the exceptions are keeping pace with the scale of federal investment and how high the stakes have become.

The Department of Justice has taken real steps in the right direction by expanding False Claims Act enforcement and applying it to a broader range of compliance failures. That is progress. But enforcement after the fact is not the same as a system designed to prevent the problem in the first place, and the growth in federal research funding is not matched by an equivalent growth in oversight capacity.

This Committee's responsibility is to ensure that federal investment in science delivers the innovation, security, and economic strength taxpayers were promised — without fraud, waste, and abuse standing in the way. That is the purpose of today's hearing. Our witnesses can help us better understand both the scope of the problem and where the remaining gaps lie. I appreciate their willingness to be here, and I look forward to a substantive discussion about how Congress can strengthen accountability without discouraging the legitimate scientific collaboration that keeps America in the lead.