



September 29, 2023

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House Budget Committee
204 Cannon House Office Building
Washington, D.C. 20515

Ranking Member Brendan Boyle
House Budget Committee
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Washington, D.C. 20515

Chairman James Comer
House Oversight Committee
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Ranking Member Jamie Raskin
House Oversight Committee
2105 Rayburn House Office Building
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Dear Committee Chairmen and Ranking Members:

I am writing on behalf of Taxpayers for Common Sense (TCS) to thank you for the opportunity to provide feedback on ways Congress can find effective solutions to reduce improper government payments. Improper payments are unfortunately too common. While Congress and agencies have taken steps in the past to eliminate improper payments, and efforts like [paymentaccuracy.gov](https://www.paymentaccuracy.gov) provide some insights into the issue, much more can be done to ensure taxpayer dollars are spent efficiently and effectively.

By law, an improper payment is a payment that should not have been made or was made in the wrong amount – which includes both over- and under-payments. Also, improper payments include those that were made for goods and services that were ineligible for payment or for goods and service not received. It is important to note that improper payments can be made to individuals and entities through no fault of their own. That said, they can also be an example of individuals and entities abusing government programs and systems.

Programs stood up in haste and with the goal of rapidly disbursing funds, such as those in response to the recent COVID-19 pandemic and a long history in natural disaster response, are often prone to making improper payments. To avoid a high rate of improper payments in these types of programs, the systems and plans for disbursement and oversight need to be designed well in advance of need.

Federal programs subject to high rates of improper payments range from those at the Department of Health and Human Services to the Small Business Administration. Some programs, such as the Paycheck Protection Loan Program (PPP), were created in response to the COVID-19 pandemic. A recent Government Accountability Office (GAO) report, "Improper Payments: Fiscal Year 2022 Estimates and Opportunities for Improvement," reveals that 18 government agencies collectively reported around \$247 billion in incorrect payments spanning 82 programs.¹ Of the \$247 billion in improper payments, agencies disclosed that over \$200 billion, or over 80%, were overpayments.

¹ "Improper Payments: Fiscal Year 2022 Estimates and Opportunities for Improvement." US Government Accountability Office, March 29, 2023. <https://www.gao.gov/products/gao-23-106285>.

A significant portion of this, approximately 78% or \$194 billion, originated from five major areas: Medicaid (\$81 billion), Medicare (\$47 billion), the Paycheck Protection Program (\$29 billion), Unemployment Insurance (\$19 billion), and the Earned Income Tax Credit (EITC) (\$18 billion). Specific programs highlighted for especially high proportion of improper payments include the following:

- **Purchased Long Term Services and Supports (Department of Veterans Affairs):** This program provides long-term care services and supports eligible veterans. Estimated improper payment rate: 47.5%.
- **American Opportunity Tax Credit (Department of the Treasury):** This tax credit helps eligible students and their families offset the cost of higher education by reducing the amount of income tax they owe. Estimated improper payment rate: 36.1%.
- **Title I Grants to Local Educational Agencies (Department of Education):** This program provides financial assistance to local educational agencies and schools with high numbers of children from low-income families. Estimated improper payment rate: 35.7%.
- **Earned Income Tax Credit (Department of the Treasury):** This refundable tax credit is designed to help low- to moderate-income working individuals and families. Estimated improper payment rate: 31.6%.
- **Refundable Premium Assistance Tax Credit (Department of the Treasury):** This tax credit helps eligible individuals and families afford health insurance purchased through the Health Insurance Marketplace. Estimated improper payment rate: 27.4%.

In a 2011 House Oversight and Government Reform Committee hearing, Ryan Alexander, then-President of TCS, presented testimony that stressed the importance of setting clear, well-defined, and measurable objectives for government programs to ensure they are sound investments that meet public needs.² By addressing issues like program duplication, waste, and inefficiency, Alexander concluded that the government could potentially save billions of dollars. This is as true today as it was more than a decade ago.

In light of the current \$33 trillion national debt and substantial annual deficits, it's crucial to ensure that taxpayer funds are allocated efficiently. Eliminating waste, fraud, and abuse, in addition to improper payments in government programs, should be a top priority for Congress this year to rein in unnecessary federal spending. We appreciate the House Budget Committee and the Committee on Oversight and Accountability's commitment to this important issue.

Below, we provide more detail on programs reported to the Office of Management and Budget (OMB) as subject to high rates of improper payments, in addition to programs identified by Offices of Inspector General (OIG) or GAO reports as ripe for reform and/or better accountability and oversight. Many can be found on [Paymentaccuracy.gov](https://www.paymentaccuracy.gov), which advocates for responsible management of taxpayer funds by addressing the issue of improper payments, both those that lead to monetary loss and those that don't.³ The programs highlighted below fall within the U.S. Department of Agriculture (USDA), Internal Revenue

² Alexander, Ryan. "Testimony of Ryan Alexander, President, Taxpayers for Common Sense, House Oversight and Government Reform Committee Hearing on 'Refuse of the Federal Spending Binge II: How U.S. Taxpayers are Paying Double for Failing Government Programs.'" March 3, 2011.

³ "High-Priority Programs." Payment Accuracy, September 2023. <https://www.paymentaccuracy.gov/payment-accuracy-high-priority-programs/>.

Service (IRS), and the Department of Defense (DoD) in addition to disaster spending spanning several agencies.

U.S. Department of Agriculture (USDA)

A USDA OIG report notes that in FY22, USDA indicated 16 programs at the agency were subject to \$1.9 billion in improper payments.⁴ With the upcoming reauthorization of the five-year farm bill, reining in waste, fraud, and abuse and improper payments in these programs should be a high priority for Congress over the coming months. While public attention is often trained on the high cost of nutrition programs under USDA, agriculture programs often have higher improper payment rates.

The 16 high-risk programs within USDA include the following, according to the OIG report:

- **Farm Service Agency**
 - Agriculture Risk Coverage and Price Loss Coverage (ARC/PLC): ARC and PLC are Title 1 commodity programs in the farm bill. They were designed to replace the wasteful, discredited direct payment program eliminated in the 2014 farm bill. PLC includes government-enforced crop prices, and ARC provides payments to certain crop growers for small dips in annual income. Both programs are 100% taxpayer-subsidized and primarily benefit a handful of commodity crops, including cotton, rice, peanuts, wheat, corn, and soybeans. The ARC/PLC improper payment rate in FY22 was 6%.⁵ GAO has recommended a range of reforms over time to rein in wasteful farm subsidies and improper payments, including ensuring subsidy beneficiaries provide substantive labor and management in the operation and payment loopholes are closed.⁶
 - Trade Mitigation Program (TMP): TMP had an improper payment rate, according to USDA-OIG, of over 19% in FY22.⁷ TMP includes the Market Facilitation Program (MFP).⁸ MFP was authorized by then-USDA Secretary Perdue through use of spending authority provided by Section 5 of the Commodity Credit Corporation (CCC) Charter Act of 1948. MFP eventually spent \$23 billion without Congressional approval and was also subject to high improper payment rates. According to a GAO report, “the agency estimated, based on a number of errors it found, that \$477.6 million (5.6 percent) of 2018 MFP payments and \$308 million (5.7 percent) of 2019 MFP payments were improper.”⁹ Senators Grassley (R-IA), Marshall (R-KS), and Braun (R-IN) introduced legislation¹⁰ to rein in the

⁴ “USDA’s Compliance with Improper Payment Requirements for Fiscal Year 2022.” US Department of Agriculture Office of Inspector General, May 2023. <https://usdaoig.oversight.gov/sites/default/files/reports/2023-09/50024-0003-24finaldistribution.pdf>.

⁵ *ibid*

⁶ “Farm Programs.” US Government Accountability Office, September 2023. <https://www.gao.gov/farm-programs>.

⁷ “USDA’s Compliance with Improper Payment Requirements for Fiscal Year 2022.” US Department of Agriculture Office of Inspector General, May 2023. <https://usdaoig.oversight.gov/sites/default/files/reports/2023-09/50024-0003-24finaldistribution.pdf>.

⁸ “Part 1409—Trade Mitigation Program.” The Federal Register, August 30, 2018. <https://www.ecfr.gov/current/title-7/subtitle-B/chapter-XIV/subchapter-A/part-1409>.

⁹ “USDA MARKET FACILITATION PROGRAM Oversight of Future Supplemental Assistance to Farmers Could Be Improved.” US Government Accountability Office, January 2022. <https://www.gao.gov/assets/gao-22-104259.pdf>.

¹⁰ “Grassley, Marshall, Braun Introduce Bill to Weed out Wasteful Spending at USDA: U.S. Senator Chuck Grassley of Iowa.” Office of US Senator Chuck Grassley, July 11, 2023. <https://www.grassley.senate.gov/news/news-releases/grassley-marshall-braun-introduce-bill-to-weed-out-wasteful-spending-at-usda>.

Secretary's ability to authorize federal CCC spending without specific Congressional approval. House lawmakers should sponsor companion legislation to reassert Congress's power of the purse.

- Coronavirus Food Assistance Program (CFAP): Drawing funding from both unbudgeted "emergency" supplemental appropriations and the CCC, CFAP was created by USDA in response to the COVID-19 pandemic. In designing the program, USDA allowed CFAP payments to exceed those Congress established for similar programs in the farm bill, providing up to \$750,000 in payments for certain producers.¹¹ A wide range of producers were eligible for CFAP payments, but the majority flowed to growers of already heavily subsidized crops like corn. In FY22, CFAP had an improper payment rate of 4%.¹²
- Livestock Forage Disaster Program (LFP): LFP compensates livestock producers for feed costs due to lost grazing acreage in disaster-designated counties. With widespread drought affecting pasture and grazing land in recent years, program costs have grown. CBO estimated LFP would cost taxpayers \$1.235 billion in FY22 alone.¹³ Meanwhile, the same year it was estimated LFP had an improper payment rate of 9%.¹⁴
- Noninsured Crop Disaster Assistance Program (NAP): NAP provides taxpayer-subsidized payouts for certain crops not covered by federally subsidized crop insurance. Payments kick in when covered natural disasters result in lower yields, crop losses, or prevented plantings. Eligible crops include crops grown for food, for livestock feed, mushrooms and floriculture, honey and maple sap, sea oats and sea grass, sweet sorghum and biomass sorghum, other biofuel feedstocks, ornamental nursery, turf-grass sod, ginseng, crops grown for seed, and others. NAP had an improper payment rate of 9% in FY22.¹⁵
- Emergency Conservation Program (ECP): According to USDA, ECP helps agricultural producers "repair damage to farmlands caused by natural disasters."¹⁶ The program had an improper payment rate of more than 29% in FY22.¹⁷

¹¹ "Planting Permanent Subsidies in Response to COVID-19." Taxpayers for Common Sense, June 16, 2020.

<https://www.taxpayer.net/wp-content/uploads/2020/06/TCS-Agriculture-Planting-Permanent-Subsidies-COVID19-June-2020.pdf>

¹² "USDA's Compliance with Improper Payment Requirements for Fiscal Year 2022." US Department of Agriculture Office of Inspector General, May 2023. <https://usdaoig.oversight.gov/sites/default/files/reports/2023-09/50024-0003-24finaldistribution.pdf>.

¹³ "Congressional Budget Office May Baseline Projections." Congressional Budget Office, May 2023. https://www.cbo.gov/system/files?file=2023-05/51317-2023-05-usda_0.pdf.

¹⁴ "USDA's Compliance with Improper Payment Requirements for Fiscal Year 2022." US Department of Agriculture Office of Inspector General, May 2023. <https://usdaoig.oversight.gov/sites/default/files/reports/2023-09/50024-0003-24finaldistribution.pdf>.

¹⁵ *ibid*

¹⁶ "Emergency Conservation Program." USDA Farm Service Agency, September 2023. <https://www.fsa.usda.gov/programs-and-services/conservation-programs/emergency-conservation/index>.

¹⁷ "USDA's Compliance with Improper Payment Requirements for Fiscal Year 2022." US Department of Agriculture Office of Inspector General, May 2023. <https://usdaoig.oversight.gov/sites/default/files/reports/2023-09/50024-0003-24finaldistribution.pdf>.

- Quality Loss Adjustment Program (QLA): QLA was funded by supplemental appropriations provided as “emergency” ad hoc spending. QLA provided additional subsidies to producers experiencing a loss of crops due to eligible 2018 and/or 2019 disasters, including those who already received taxpayer subsidies through the federal crop insurance program, NAP, and other duplicative programs.¹⁸ The improper payment rate for QLA in FY22 was 5.6%.¹⁹
- Wildfires and Hurricanes Indemnity Program Plus (WHIP+): WHIP+ represented USDA’s implementation of similar supplemental ad hoc “emergency” disaster spending for agriculture. The original program was WHIP, created in response to federal appropriations authorized in 2018; in total from 2018 to 2022, \$20 billion was authorized to be spent on agriculture.²⁰ WHIP later became WHIP+, WHIP++, WHIP+++²¹, and then the Emergency Relief Program (ERP).²² The improper payment rate for WHIP+ in FY22 was 5.6%.²³
- **Food and Nutrition Service**
 - Child and Adult Care Food Program (CACFP): This program provides nutritious meals and snacks to children and adults in care facilities. In FY22, the program had an estimated improper payment rate of 0.1%, with an estimated improper payment amount of \$3.1 million.
 - National School Lunch Program (NSLP): This program offers low-cost or free lunches to eligible students in schools. The report states that the program had an estimated improper payment rate of 1.5%, with an estimated improper payment amount of \$87.7 million in FY22.
 - Pandemic Electronic Benefit Transfer (P-EBT): This program provided temporary food assistance to families with children who lost access to free or reduced-price school meals due to the COVID-19 pandemic. The estimated improper payment rate for this program was 0.2%, with an estimated improper payment amount of \$65.7 million in FY22.

¹⁸ “Quality Loss Adjustment Program.” USDA Farm Service Agency, January 6, 2021.

https://www.usda.gov/sites/default/files/documents/quality_loss_adjustment-program-factsheet.pdf.

¹⁹ “USDA’s Compliance with Improper Payment Requirements for Fiscal Year 2022.” US Department of Agriculture Office of Inspector General, May 2023. <https://usdaoig.oversight.gov/sites/default/files/reports/2023-09/50024-0003-24finaldistribution.pdf>.

²⁰ “Fact Sheet: Agriculture Disaster Spending and Emergency Relief Program (ERP).” Taxpayers for Common Sense, January 2023. <https://www.taxpayer.net/wp-content/uploads/2023/01/Agriculture-Disaster-Spending-WHIP-ERP-Fact-Sheet-1.27.2023.pdf>.

²¹ “Payment Files Information.” USDA Farm Service Agency, September 2023. <https://www.fsa.usda.gov/news-room/efoia/electronic-reading-room/frequently-requested-information/payment-files-information/index>.

²² “Fact Sheet: Agriculture Disaster Spending and Emergency Relief Program (ERP).” Taxpayers for Common Sense, January 2023. <https://www.taxpayer.net/wp-content/uploads/2023/01/Agriculture-Disaster-Spending-WHIP-ERP-Fact-Sheet-1.27.2023.pdf>.

²³ “USDA’s Compliance with Improper Payment Requirements for Fiscal Year 2022.” US Department of Agriculture Office of Inspector General, May 2023. <https://usdaoig.oversight.gov/sites/default/files/reports/2023-09/50024-0003-24finaldistribution.pdf>.

- School Breakfast Program (SBP): This program offers low-cost or free breakfasts to eligible students in schools. The report indicates that the program had an estimated improper payment rate of 2.1%, with an estimated improper payment amount of \$53.2 million in FY22.
- Special Supplemental Nutrition Program for Women, Infants, and Children (WIC): According to USDA, WIC provides resources to “pregnant, postpartum, and breastfeeding women, infants, and children up to age 5” for food, nutrition information, and more. The program is available to low-income families.²⁴ According to USDA’s Economic Research Service, WIC cost \$5.7 billion in FY22.²⁵ The improper payment rate in FY22 was 1.8%.²⁶
- Supplemental Nutrition Assistance Program (SNAP): SNAP is the largest nutrition program within USDA. Program costs have risen over time, reaching an estimated \$145 billion in FY23, according to CBO.²⁷ SNAP costs make up approximately 85% of farm bill expenditures.²⁸ The FY22 payment error rate in SNAP was 11.5%,²⁹ up from 7.4% in FY19.³⁰ According to USDA, “Payment errors are largely due to unintentional mistakes by either the state agency or the SNAP household.”³¹
- **Risk Management Agency**
 - Federal Crop Insurance Corporation (FCIC): The federal crop insurance program provides generous taxpayer subsidies for agricultural producers, of both crops and livestock, to purchase insurance that pays out if yields or revenue fall below expectations. Nearly 80% of premium subsidies flow to growers of just four crops - corn, soybeans, cotton, and wheat.³² With no statutory limit on program costs, premium subsidies have ballooned in recent years to \$12 billion annually.³³ Taxpayers also subsidize private crop insurance companies and agents to administer the program, totaling approximately \$2 billion

²⁴ “Special Supplemental Nutrition Program for Women, Infants, and Children (WIC).” US Department of Agriculture, July 9, 2022. <https://www.fns.usda.gov/wic/about-wic>.

²⁵ “WIC Program.” USDA Economic Research Service, July 19, 2023. [https://www.ers.usda.gov/topics/food-nutrition-assistance/wic-](https://www.ers.usda.gov/topics/food-nutrition-assistance/wic-program/#:~:text=Federal%20program%20costs%20for%20WIC%20totaled%20%245.7%20billion%20in%20fiscal%20year%202022.&text=USDA%27s%20Economic%20Research%20Service%20(ERS,food%20and%20nutrition%20assistance%20programs)

[program/#:~:text=Federal%20program%20costs%20for%20WIC%20totaled%20%245.7%20billion%20in%20fiscal%20year%202022.&text=USDA%27s%20Economic%20Research%20Service%20\(ERS,food%20and%20nutrition%20assistance%20programs](https://www.ers.usda.gov/topics/food-nutrition-assistance/wic-program/#:~:text=Federal%20program%20costs%20for%20WIC%20totaled%20%245.7%20billion%20in%20fiscal%20year%202022.&text=USDA%27s%20Economic%20Research%20Service%20(ERS,food%20and%20nutrition%20assistance%20programs).

²⁶ “USDA’s Compliance with Improper Payment Requirements for Fiscal Year 2022.” US Department of Agriculture Office of Inspector General, May 2023. <https://usdaoig.oversight.gov/sites/default/files/reports/2023-09/50024-0003-24finaldistribution.pdf>.

²⁷ “Congressional Budget Office May Baseline Projections: Supplemental Nutrition Assistance Program.” Congressional Budget Office, May 2023. <https://www.cbo.gov/system/files?file=2023-05/51312-2023-05-snap.pdf>.

²⁸ “Farm Bill 101.” Taxpayers for Common Sense, April 13, 2022. <https://www.taxpayer.net/agriculture/farm-bill-101-2/>.

²⁹ “SUPPLEMENTAL NUTRITION ASSISTANCE PROGRAM: PAYMENT ERROR RATES FISCAL YEAR 2022.” USDA Food and Nutrition Service, June 30, 2023. <https://fns-prod.azureedge.us/sites/default/files/resource-files/snap-fy22-qc-payment-error-rate.pdf>.

³⁰ *ibid*

³¹ “Ensuring Eligible SNAP Households Get the Right Benefits.” USDA Food and Nutrition Service, September 2023. [https://www.fns.usda.gov/snap/quality-](https://www.fns.usda.gov/snap/quality-control/#:~:text=Payment%20errors%20often%20occur%2C%20for,causes%20of%20their%20payment%20errors)

[control/#:~:text=Payment%20errors%20often%20occur%2C%20for,causes%20of%20their%20payment%20errors](https://www.fns.usda.gov/snap/quality-control/#:~:text=Payment%20errors%20often%20occur%2C%20for,causes%20of%20their%20payment%20errors).

³² “Commodity Year Statistics for 2022.” Federal Crop Insurance Corporation, September 25, 2023. https://pubfs-rma.fpac.usda.gov/pub/sob/current_week/crop2022.pdf.

³³ “Summary of Business Report for 2021 Thru 2024.” Federal Crop Insurance Corporation, September 25, 2023. https://pubfs-rma.fpac.usda.gov/pub/sob/current_week/sobrpt2021-2024.pdf.

annually.³⁴ Cases of fraud have been reported within crop insurance, and the program currently lacks transparency, means testing, and annual limits on premium subsidies.³⁵ The FY22 improper payment rate for the FCIC was 2.6%.

As the data above shows, improper payments are a common and costly occurrence in USDA programs, especially for programs that subsidize farm income.

Ensuring federal programs have consistent, enforceable limits on total payments, means testing to prioritize assistance to those most in need, and other common sense accountability measures can ensure lower levels of waste, fraud, abuse, and improper payments. For example, GAO recommended limiting subsidies for high-income participants within the federal crop insurance program.³⁶ Ensuring federal programs and payments are not duplicative of one another is also key in preventing waste and improper payments. Technology can go a long way in helping agencies create controls and effective measures to root out fraud, and public transparency of payments can help ensure accountability.

Attention should also be provided to programs like CFAP and WHIP which were created in response to the COVID-19 pandemic and disasters, respectively, to ensure payments are not rushed out the door without effective oversight. Investing in programs and regulatory reforms that promote resilience should also be favored over policies that promote financial dependence on federal taxpayers to reduce overall program costs.³⁷ Finally, Congress must reassert its primacy in establishing both the farm income and individual nutrition safety nets to ensure program integrity is not undermined through administrative actions.

Internal Revenue Service

The Treasury Inspector General for Tax Administration (TIGTA) reported in May 2023 that the Internal Revenue Service (IRS) largely met the fiscal year 2022 improper payment reporting requirements, but that the improper payment estimates are less precise. TIGTA found that programs susceptible to improper payments were not adequately assessed and reported. The report highlights the need for the IRS to improve its assessment and reporting of programs susceptible to improper payments to ensure compliance with reporting requirements and to provide more accurate estimates of improper payments.³⁸

Less precise improper payment estimates can be attributed to several factors. Some agencies may not report estimates for all risk-susceptible programs, while others may use estimation methodologies that

³⁴ "Congressional Budget Office Baseline Projections: USDA Mandatory Baseline." Congressional Budget Office, May 2023. https://www.cbo.gov/system/files?file=2023-05/51317-2023-05-usda_0.pdf.

³⁵ "United States Obtains \$607,284 Crop Insurance False Claims Act Judgment Against Klickitat County Farm Owner." United States Attorney's Office for the Eastern District of Washington, August 23, 2023. <https://www.justice.gov/usao-edwa/pr/united-states-obtains-607284-crop-insurance-false-claims-act-judgment-against>.

³⁶ "Crop Insurance: Reducing Subsidies for Highest Income Participants Could Save Federal Dollars with Minimal Effect on the Program." US Government Accountability Office, March 2015. <https://www.gao.gov/assets/gao-15-356.pdf>.

³⁷ "Promoting Conservation within the Federal Crop Insurance Program." Taxpayers for Common Sense, June 30, 2021. <https://www.taxpayer.net/agriculture/promoting-conservation-within-the-federal-crop-insurance-program/>.

³⁸ "Fiscal Year 2022 Improper Payment Reporting Requirements Were Largely Met; However, Improper Payment Estimates Are Less Precise ." Treasury Inspector General for Tax Administration , May 12, 2023. <https://www.tigta.gov/sites/default/files/reports/2023-05/202340032fr.pdf>.

are not statistically valid.³⁹ Agencies may face difficulties in determining the full extent of improper payments, and additional information and analysis on the root causes of improper payment estimates will assist agencies in targeting effective corrective actions. Coordination between agencies is essential for reducing improper payments, and the absence of such coordination may lead to less precise estimates.

The recent GAO report highlights that the IRS struggles to confirm the eligibility of taxpayers, especially for refundable credits like the Earned Income Tax Credit (EITC).⁴⁰ This is due to a lack of sufficient, accurate, and timely data from third parties. The complexity of eligibility rules for these credits contributes to the issue, as does the higher error rate from tax preparers who lack formal credentials. To improve the situation, the GAO advises that the IRS update its systems according to new guidelines from the National Institute of Standards and Technology. This would help the IRS reduce incorrect payments and enhance the integrity of payments.

However, the IRS's financial circumstances are complicated. Laws like the Inflation Reduction Act initially promised to narrow the \$428 billion tax gap through modernization and staffing.⁴¹ Yet these efforts have been hindered by a \$21.4 billion budget cut over three years included in the Fiscal Responsibility Act. These cuts strain the IRS's already limited resources, including outdated technology and a dwindling, aging staff. The reductions not only make the tax gap worse but also create a cycle where the IRS is criticized for being inefficient while at the same time being underfunded— a situation that disproportionately benefits wealthy taxpayers.⁴²

Disaster Spending

Recent research, analysis, and reporting on improper payments by the federal government for disaster relief highlight the ongoing issue of improper payments. Since fiscal year 2003, cumulative executive agency improper payment estimates have totaled almost \$2.4 trillion.⁴³ The COVID-19 pandemic has exacerbated the problem, with at least \$35 billion in pandemic relief money being reported as improper payments in fiscal 2022.⁴⁴

The GAO has identified significant improvements needed to address fraud and improper payments in emergency relief funds. For example, the Department of Labor's Office of Inspector General (OIG) investigations have resulted in over \$905 million in unemployment insurance fraud monetary results, including forfeitures and restitution amounts.⁴⁵

³⁹ "Improper Payments: Remaining Challenges and Strategies for Governmentwide Reduction Efforts." Government Accountability Office, March 28, 2012. <https://www.gao.gov/products/gao-12-573t> .

⁴⁰ "Improper Payments: Remaining Challenges and Strategies for Governmentwide Reduction Efforts." Government Accountability Office, March 28, 2012. <https://www.gao.gov/products/gao-12-573t>

⁴¹ "Inflation Reduction Act of 2022." Internal Revenue Service, September 20, 2023. <https://www.irs.gov/inflation-reduction-act-of-2022>.

⁴² "Starving the IRS Helps the Wealthy at the Expense of the Average Taxpayer." Taxpayers for Common Sense , September 6, 2023. <https://www.taxpayer.net/budget-appropriations-tax/starving-the-irs-helps-the-wealthy-at-the-expense-of-the-average-taxpayer/>.

⁴³ "Improper Payments: Fiscal Year 2022 Estimates and Opportunities for Improvement." US Government Accountability Office , March 2023. <https://www.gao.gov/assets/gao-23-106285.pdf>.

⁴⁴ Bublé, Courtney. "Coronavirus Roundup: A Spotlight on Improper Payments in Covid Relief Programs." Government Executive, March 31, 2023. <https://www.govexec.com/management/2023/03/coronavirus-roundup-spotlight-improper-payments-covid-relief-programs/384673/>.

⁴⁵ "Emergency Relief Funds: Significant Improvements Are Needed to Address Fraud and Improper Payments." US Government Accountability Program, February 1, 2023. <https://www.gao.gov/products/gao-23-106556> .

In fiscal year 2021, federal agencies made an estimated \$281 billion in improper payments, up from about \$206 billion for fiscal year 2020.⁴⁶ The Small Business Administration's Paycheck Protection Program (PPP) and Economic Injury Disaster Loan program accounted for \$29 billion and \$6.9 billion in improper payments, respectively.⁴⁷ The Justice Department has pursued cases involving improper payments under PPP, with settlements and judgments exceeding \$5.6 billion in fiscal year 2021.⁴⁸

According to a report by the Department of Homeland Security's Office of Inspector General, FEMA did not implement controls that may have prevented more than \$3.7 billion in improper payments from the Lost Wages Assistance Program.⁴⁹ Additionally, FEMA has made more than \$3 billion in improper and potentially fraudulent payments for home repair assistance since 2003.⁵⁰

To address these issues, the GAO has proposed a framework for managing improper payments in emergency assistance programs.⁵¹ This framework aims to provide Congress and federal agencies with an overall approach to preventing and reducing improper payments in emergency assistance programs.

Department of Defense (DOD)

In the last four fiscal years, the Department of Defense (DOD) has faced issues with improper payments as well. In FY 2020, the DOD reported an improper payment estimate of \$11.4 billion, a \$2.7 billion increase from the previous year.⁵² In FY 2021, the DOD did not comply with the Payment Integrity Information Act (PIIA) requirements, producing unreliable estimates for the 11th consecutive year.⁵³ In FY 2022, the DOD Components reported both improper and unknown payment estimates of \$2 billion for nine DoD Programs.⁵⁴

The DOD has struggled to comply with PIIA requirements due to unreliable estimates, lack of supporting documentation, and incomplete implementation of corrective actions. The DOD OIG has made recommendations to address these issues, but the DOD has yet to fully implement them.⁵⁵ In addition to

⁴⁶ "Improper Payments." US Government Accountability Office, September 2023. <https://www.gao.gov/improper-payments>.

⁴⁷ Bubl , Courtney. "Coronavirus Roundup: A Spotlight on Improper Payments in Covid Relief Programs." Government Executive, March 31, 2023. <https://www.govexec.com/management/2023/03/coronavirus-roundup-spotlight-improper-payments-covid-relief-programs/384673/>.

⁴⁸ "Justice Department's False Claims Act Settlements and Judgments Exceed \$5.6 Billion in Fiscal Year 2021." US Department of Justice Office of Public Affairs, February 1, 2022. <https://www.justice.gov/opa/pr/justice-department-s-false-claims-act-settlements-and-judgments-exceed-56-billion-fiscal-year>.

⁴⁹ "FEMA Did Not Implement Controls to Prevent More than \$3.7 Billion in Improper Payments from the Lost Wages Assistance Program." US Department of Homeland Security Office of Inspector General, September 16, 2022. <https://www.oig.dhs.gov/sites/default/files/assets/2022-09/OIG-22-69-Sep22.pdf>.

⁵⁰ "FEMA Has Made More than \$3 Billion in Improper and Potentially Fraudulent Payments for Home Repair Assistance since 2003." US Department of Homeland Security Office of Inspector General, April 6, 2020. <https://www.oig.dhs.gov/sites/default/files/assets/2020-04/OIG-20-23-Apr20.pdf>.

⁵¹ "A Framework for Managing Improper Payments in Emergency Assistance Programs." US Government Accountability Office, July 13, 2023. <https://www.gao.gov/products/gao-23-105876>.

⁵² "Audit of the Department of Defense Compliance in FY 2020 With Improper Payment Reporting Requirements." US Department of Defense Office of Inspector General, May 7, 2021. <https://media.defense.gov/2021/May/11/2002638863/-1/-1/1/DODIG-2021-080.PDF>.

⁵³ "Audit of the Department of Defense's FY 2021 Compliance With Payment Integrity Information Act Requirements (DODIG-2022-108)." Department of Defense Office of Inspector General, June 28, 2022. <https://www.dodig.mil/reports.html/Article/3077972/audit-of-the-department-of-defenses-fy-2021-compliance-with-payment-integrity-i/>.

⁵⁴ [ibid](#)

⁵⁵ [ibid](#).

the OIG's recommendations, the GAO has also identified opportunities for improvement in reducing improper payments.⁵⁶

Thank you again for the opportunity to provide feedback on ways to reduce improper payments in federal programs. Please let us know if you have any questions or would like to discuss further.

Sincerely,

Steve Ellis
President

⁵⁶ "Improper Payments Fiscal Year 2022 Estimates and Opportunities for Improvement." US Government Accountability Office, March 2023. <https://www.gao.gov/assets/gao-23-106285.pdf>.