CAROLYN B. MALONEY, NEW YORK
CHAIRWOMAN

ONE HUNDRED SEVENTEENTH CONGRESS

JAMES COMER, KENTUCKY
RANKING MINORITY MEMBER

Congress of the United States

House of Representatives

COMMITTEE ON OVERSIGHT AND REFORM

2157 RAYBURN HOUSE OFFICE BUILDING

WASHINGTON, DC 20515–6143

MAJORITY   (202) 225–5051
MINORITY   (202) 225–5074

https://oversight.house.gov

Opening Statement of Chairman Gerald E. Connolly
Hearing on "Follow the Money: Tackling Improper Payments"
March 31, 2022

The federal government manages and allocates trillions of dollars each year to programs that help individuals, families, and businesses–whether that be Social Security, Medicare, Crop Insurance for farmers, school lunch benefits and health insurance for children, and a host of other essential programs. But that money does not always go where Congress intends.

For fiscal year 2021, 86 high-risk federal programs estimated improper payments. Of their 3.9 trillion dollars in outlays, over 7.2% were paid improperly. That's $281 billion dollars in improper payments–more than any other fiscal year since fiscal year 2003.

Today's hearing examines the causes of these improper payments and explores solution for reducing them.

The law defines an improper payment as, "any payment that should not have been made or that was made in an incorrect amount, including an overpayment or underpayment, under a statutory, contractual, administrative, or other legally applicable requirement."

Improper payments are an imperfect, but valuable measure of program integrity. In short, they help us answer the question: Is the federal government distributing money in the way Congress intends?

If federal improper payments were low, the answer would be yes. Unfortunately, improper payments are at an all-time high.

I should be clear: there are many causes of improper payments. Some improper payments can be attributed to fraud, but many are simply paperwork errors– for example, when an individual or business accidentally checks a box on a form, perhaps because of confusing instructions, language barriers, or bad internet access.

And some improper payments are even underpayments– when the government pays someone less than the amount for which they qualify.

Unfortunately, more often than not, government does not know the cause of any particular improper payment. Not knowing a payment error's cause makes it difficult to distinguish fraud from everything else. And without good data to help us identify root causes of these improper payments, the government can't make evidence-driven decisions that enhance program integrity – to prevent fraudsters from gaining unlawful access to government services and to ensure individuals and businesses can access the services for which they qualify. In short, bad data – and deteriorating IT infrastructure that makes it so –make it near impossible to fix the problem we see today.

History seems to agree. Though improper payments have been a priority for Congress since the beginning of the 21st century, they remain high and continue to grow.

If you look at the screen, you will see how improper payments have steadily grown since Congress first required their tracking and measurement under the Improper Payments Information Act of 2002.

As the figure shows, Congress has enacted at least five bills into law that sought to identify and reduce improper payments: in 2002, 2010, 2012, 2016, and 2019. Despite these efforts, improper payments are at an all-time high.

According to the 2020 American Customer Satisfaction Index, the Federal Government ranks among the bottom of all industries in the United States in customer satisfaction. Public trust in government remains near its historic low – as of April 2021, only 24% of individuals trust government in Washington to do what is right most of the time.

These low scores are the result, too often, of poor customer experience and excessive fraud, waste, and abuse of taxpayer dollars. We can and must do better to enhance program integrity in the federal government – ensuring federal assistance goes to everyone who Congress intended to receive it, and not to anyone else.

Clearly, something has got to change.

To help enact such change, I hope today's hearing will hit home three main points.

First, we must keep in mind our motivation for reducing improper payments. Put simply, it is to ensure money goes where Congress intends. That means we must do everything we can to stop criminal syndicates from stealing government funds. And it also means we must ensure government funds go to everyone Congress intends to reach.

Second, there exists a false tradeoff in the minds of some policymakers and practitioners between preventing fraud and designing accessible, intuitive, and equitable services. In fact, when done right, governments can deploy modern technologies that prevent fraud and improve the customer experience—designing more elegant and simple platforms by which families and businesses can apply for and access the services they need. Government programs can combat waste, fraud, and abuse while they save and improve lives.

Finally, I want to highlight that good, quality data—and the modern IT infrastructure that can support its collection, sharing, and analysis—are foundational to tackling improper payments. Data are key to reducing paperwork errors and fraud without putting burden on the public. Using data as a solution is not controversial: last July, the Office of Management and Budget and the Pandemic Response Accountability Committee issued a payment integrity alert on the use of automation and data analytics to, "support agency missions while mitigating payment integrity risks." Using and matching datasets to identify potential improper payments, fraudulent or otherwise, is fundamental and nonpartisan—we just need the will to make it happen.

Luckily, I plan to introduce legislation built upon these three principles. The bill will establish an office dedicated to program integrity to implement robust oversight of federal agencies' program integrity efforts. Importantly, this office will shift from a compliance-based to an action-oriented approach by requiring federal programs with significant risk of improper payments to implement proactive, data-driven, and outcome-oriented antifraud controls.

In addition, the bill will ensure that agencies minimize the burden of their antifraud controls on the public. By focusing its efforts on data collection, sharing, and analysis, this new office will enhance program integrity in the highest-priority federal programs without putting undue burden on those programs' customers.

At its core, this bill is about getting money to the places Congress wants it to go. Republican or Democrat, I think we can all agree that that is an admirable goal.

I look forward to working with my colleagues on both sides of the aisle to move this bill and pass it into law as we

work together to tackle improper payments and improve the integrity of federal programs.

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