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GOVERNMENT PERFORMANCE

Confronting High Risks and Fiscal Challenges Is Crucial to a More Effective and Sustainable Government

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GAO-26-108824

GAO Highlights

GOVERNMENT PERFORMANCE

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GAO-26-108824 December 16, 2025

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What GAO Found

GAO's High-Risk List identifies 38 areas across the federal government that are seriously vulnerable to fraud, waste, abuse, and mismanagement or that are in need of transformation. Addressing these high-risk issues will save hundreds of billions of dollars, improve service to the public, and increase government performance and accountability. Conversely, left unaddressed, these issues will impede the government's ability to effectively serve the nation.

GAO's 2025 High-Risk update added a new area on federal disaster assistance. Natural disasters have become costlier and more frequent, which has strained the Federal Emergency Management Agency. Further, the federal approach to disaster recovery is fragmented across more than 30 federal entities, making it harder for survivors and communities to navigate federal programs. GAO recommended Congress reform the federal approach to disaster recovery.

Other high-risk areas also need special attention, including:

- **Expediting the pace of cybersecurity and critical infrastructure protections.** While improvements have been made and efforts continue, the government is still not operating at a pace commensurate with the evolving, grave cybersecurity threats to the nation's security, economy, and well-being. GAO has made 4,441 related recommendations since 2010. While 3,848 have been implemented or closed, 593 have not been fully implemented. Also, greater federal efforts are needed to better understand the status of private sector technological developments with cybersecurity implications—such as artificial intelligence—and to continue to enhance public and private sector coordination.
- **Addressing the government's human capital challenges.** The government faces long-standing challenges in strategically managing its workforce. Skills gaps are prevalent across many parts of the federal government and can impair the government's ability to cost-effectively serve the public and achieve results. Agencies experience skills gaps when they have an insufficient number of staff or individuals without the appropriate skills or abilities to successfully perform their work. GAO has recommended agencies address skills gaps by improving workforce planning, training, and recruitment and retention efforts.
- **Restructuring the U.S. Postal Service (USPS).** For years USPS has faced unsustainable financial challenges, declining mail volumes, significant capital needs (such as vehicle replacement), and an outdated business model that struggles to align costs with changing mail use. There is a fundamental tension between the level of service Congress expects and what revenue USPS can reasonably be expected to generate. Congress needs to establish what services it wants USPS to provide and negotiate a balanced funding arrangement.

Why GAO Did This Study

The federal government is one of the world's largest and most complex entities, spending trillions of dollars across a broad array of programs and operations. The size, scope, and complexity of the federal government create inherent risks that need to be recognized and managed properly.

Since 1990, GAO has used its High-Risk Series to help Congress focus on high-risk issues that need immediate and sustained attention. Efforts to address high-risk issues have resulted in more than $811 billion in financial benefits. Progress on high-risk areas has also resulted in many other benefits, such as improved public safety, security, and service delivery. But progress across areas has varied.

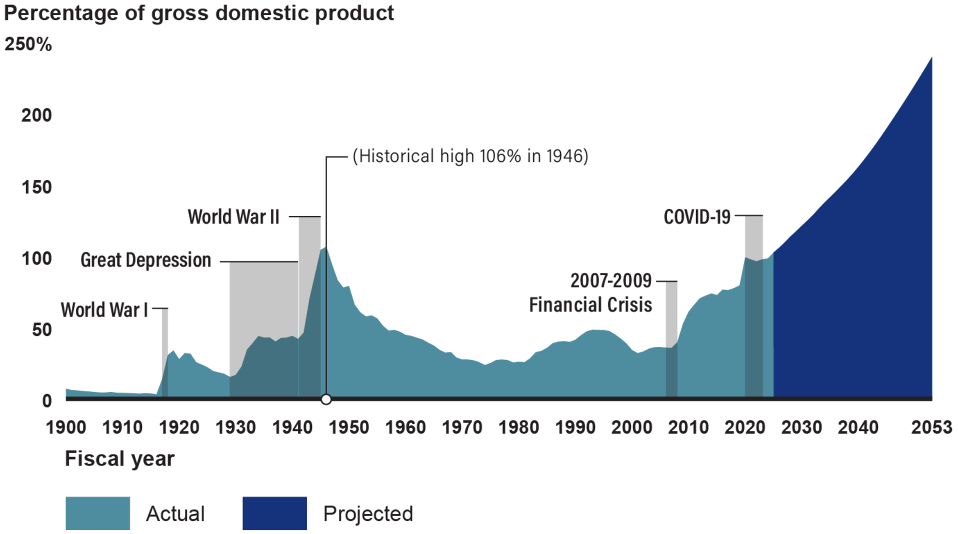
The fiscal condition of the federal government also presents risks and challenges that must be confronted. Nearly every year this century, the government has spent more than it collected in revenue. To finance these deficits the government has had to borrow by issuing debt. The federal government's level of debt and the annual amount of interest it pays on the debt are quickly approaching unprecedented levels relative to the size of the economy.

This statement focuses on (1) high-risk areas needing significant attention and (2) fiscal challenges facing the nation. It also highlights actions that Congress and the administration can take to address these risks and challenges.

This statement is based primarily on reports published from February 2025 through December 2025, with selected updates.

GAO has also found that the federal government is on an unsustainable fiscal path. Debt held by the public as a share of gross domestic product (GDP) is projected to hit its historical high in fiscal year 2027 and grow at a faster rate than GDP over the long term. Perpetually rising debt as a share of GDP has many implications for the economy, American households, and individuals. Risks include slower economic growth and increased chances of a fiscal crisis.

Debt Held by the Public Projected to Grow Faster than GDP



Source: Congressional Budget Office data and GAO simulation. | GAO-26-108824

GAO has recommended that Congress develop a strategy to place the government on a more sustainable fiscal path. The strategy should, among other things, incorporate fiscal rules and targets to help manage debt and address financing gaps for Social Security and Medicare Hospital Insurance. Both programs are supported by trust funds that are projected to be depleted by 2033.

A strategy would also include efforts to improve fiscal responsibility by reducing improper payments and fraud; improving tax compliance and addressing tax expenditures; rightsizing the government's property holdings; and pursuing other efficiencies. GAO recommendations on high-risk areas and its work on fragmentation, overlap, and duplication could help inform the strategy.

- **Reducing improper payments and fraud.** Since fiscal year 2003, cumulative improper payment estimates reported by executive branch agencies have totaled about $2.8 trillion. This includes $162 billion for fiscal year 2024. With respect to fraud, GAO estimates that the federal government loses between $233 billion and $521 billion annually, based on data from fiscal years 2018 through 2022. GAO has recommended many actions Congress and the executive branch could take to address improper payments and fraud risks. These include enhancing identity verification through data sharing, restoring fraud-related reporting requirements for agencies, and developing fraud estimates for highly vulnerable programs.

- **Implementing a complete inventory of federal programs.** A comprehensive inventory of programs—with related funding and performance information—would be a critical tool to help decision-makers better identify and manage fragmentation, overlap, and duplication. While important progress has been made, the federal government has not yet fully developed such an inventory. GAO has recommended the Office of Management and Budget articulate plans on how and when it will complete a comprehensive inventory.

December 16, 2025

Chairman Lankford, Ranking Member Fetterman, and Members of the Subcommittee:

I appreciate this opportunity to discuss GAO's body of work on major risks to the government's ability to effectively serve the American people and actions that Congress and the administration can take to help mitigate these risks.

The federal government is one of the world's largest and most complex entities. About $7 trillion in outlays in fiscal year 2025 funded a broad array of programs and operations. The size, scope, and complexity of the federal government create inherent risks that need to be recognized and managed properly.

Since 1990, we have used our High-Risk Series to help Congress focus on high-risk issues that need immediate and sustained attention.[1] Over the past 20 years (fiscal years 2006 through 2025), efforts to address high-risk issues have resulted in over $811 billion in financial benefits. Progress on high-risk areas has also resulted in many other benefits, such as improved public safety, security, and service delivery.

But much more work is needed. Our 2025 High-Risk List includes 38 areas across the federal government that are vulnerable to fraud, waste, abuse, and mismanagement or that are in need of transformation.[2] Sustained congressional attention and action will be critical to addressing these risks.

The fiscal condition of the federal government also presents risks and challenges that must be confronted. Nearly every year this century, the government has spent more than it collected in revenue. To finance these deficits, the government has had to borrow by issuing debt.

The federal government's level of debt—and the annual amount of interest it pays on the debt—are quickly approaching unprecedented levels relative to the size of the economy. If current spending and revenue

[1] https://www.gao.gov/high-risk-list.

[2] GAO, *High-Risk Series: Heightened Attention Could Save Billions More and Improve Government Efficiency and Effectiveness*, GAO-25-107743 (Washington, D.C., Feb. 25, 2025).

policies continue, the nation's fiscal condition is projected to deteriorate as debt accumulates at a faster rate than the economy grows. This unsustainable fiscal path poses serious economic, security, and social challenges.

Again, Congress will play an instrumental role in addressing the nation's fiscal health. We have recommended that Congress and the administration develop a strategy to address the government's unsustainable fiscal outlook and replace the current debt limit process with an approach that better links decisions about the debt with decisions about spending and revenue at the time those decisions are made.[3]

We also have identified additional opportunities for Congress and the administration to improve the efficiency and effectiveness of government programs, including by better managing fragmentation, overlap, and duplication among government programs. Through this body of work, we have suggested over 2,000 ways to reduce costs, improve programs, and boost revenues.[4] Congressional and agency actions in these areas so far have yielded about $725 billion in cost savings and revenue increases. Addressing our remaining suggestions could generate one hundred billion dollars or more in additional savings.

My remarks today will describe (1) select high-risk areas needing significant attention and (2) the fiscal challenges facing the nation. I will also highlight actions that Congress and the administration can take to address these risks and challenges.

This statement is based primarily on reports published from February 2025 through December 2025, with selected updates, on high-risk areas in the federal government; the nation's fiscal health; and where action by Congress and federal agencies could result in greater efficiency or

[3]Our most recent report in this series was issued in February 2025. GAO, *The Nation's Fiscal Health: Strategy Needed as Debt Levels Accelerate*, GAO-25-107717 (Washington, D.C.: Feb. 5, 2025). See also *Debt Limit: Statutory Changes Could Avert the Risk of a Government Default and Its Potentially Severe Consequences.* GAO-25-107089 (Washington, D.C.: Dec. 11, 2024).

[4]Our most recent report in this series was issued in May 2025. GAO, *2025 Annual Report: Opportunities to Reduce Fragmentation, Overlap, and Duplication and Achieve an Additional One Hundred Billion Dollars or More in Future Financial Benefits*, GAO-25-107604 (Washington, D.C.: May 13, 2025).

effectiveness by reducing, eliminating, or better managing fragmentation, overlap, or duplication.[5]

More detailed information on the objectives, scope, and methodology for that work can be found in the reports listed in the Related GAO Products at the conclusion of this statement. We conducted the work on which this statement is based in accordance with generally accepted government auditing standards where applicable. Those standards require that we plan and perform the audit to obtain sufficient appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Congress and the Executive Branch Need to Address High-Risk Areas

The current High-Risk List identifies 38 areas across the federal government. Addressing high-risk problems will save billions of dollars, improve service to the public, and increase government performance and accountability. Conversely, left unaddressed, these issues will impede the government's ability to effectively serve the nation.

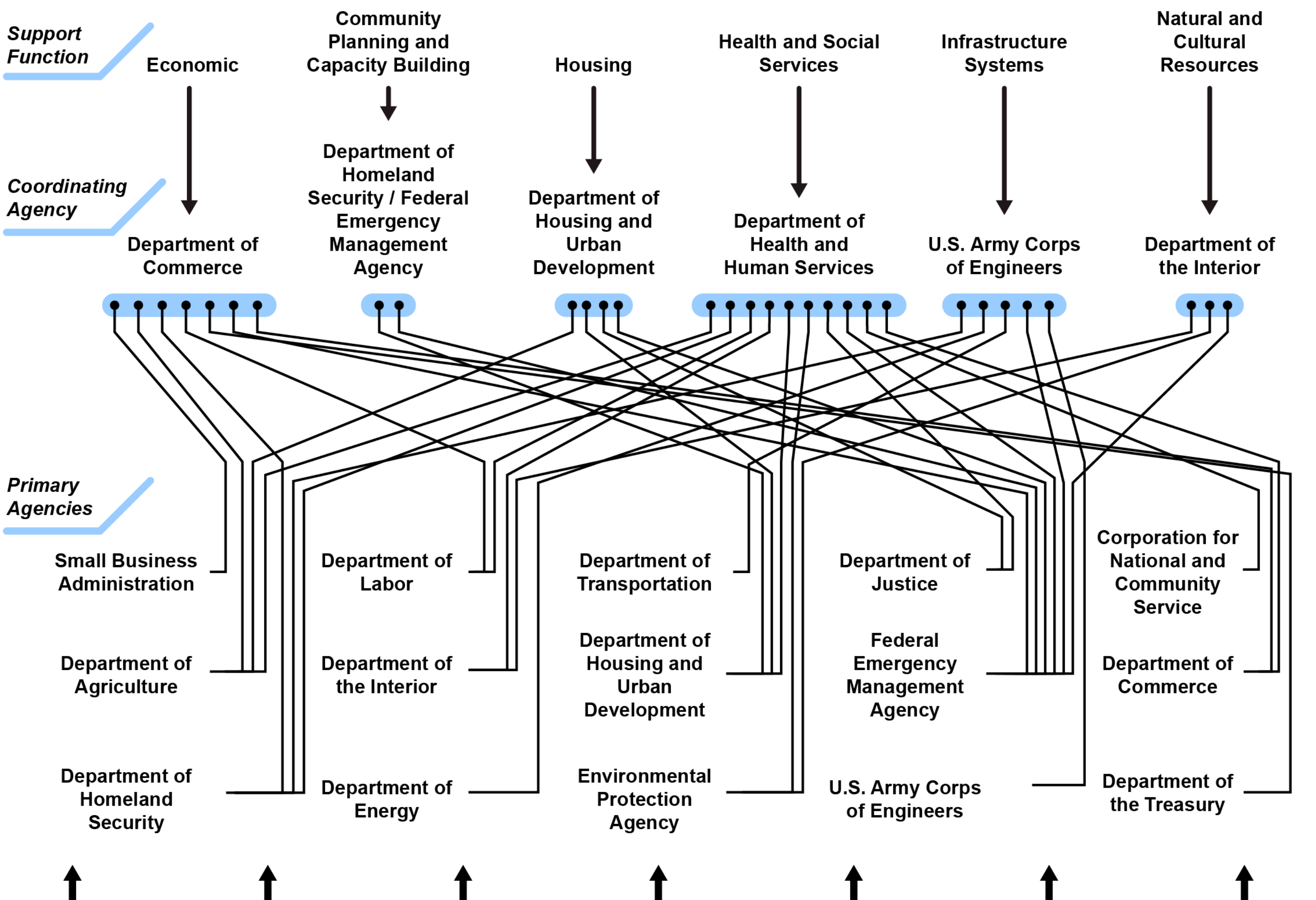
Improving the Delivery of Federal Disaster Assistance

Natural disasters have become costlier and more frequent. In 2024, there were 27 disasters with at least $1 billion in economic damages. Overall, these events resulted in 568 deaths and significant economic effects on the affected areas. The frequency and intensity of natural disasters have severely strained the Federal Emergency Management Agency (FEMA).

Further, the federal approach to disaster recovery is highly fragmented across more than 30 federal entities (see fig. 1). Having so many entities involved with multiple programs and authorities, differing requirements and timeframes, and limited data sharing across entities makes it harder for survivors and communities to navigate federal programs.

[5] GAO-25-107717, GAO-25-107743, and GAO-25-107604.

Figure 1: Recovery Support Functions and the Various Federal Entities Involved in Disaster Recovery, as of November 2022



Supporting Organizations: Advisory Council on Historic Preservation; American Red Cross; Corporation for National and Community Service; Council on Environmental Quality; Delta Regional Authority; Department of Agriculture; Department of Commerce; Department of Defense; Department of Education; Department of Energy; Department of Health and Human Services; Department of Homeland Security/National Protection and Programs Directorate; Department of Homeland Security; Department of Housing and Urban Development; Department of the Interior; Department of Justice; Department of State; Department of the Treasury; Department of Transportation; Department of Veterans Affairs; Environmental Protection Agency; Federal Communications Commission; General Services Administration; Heritage Emergency National Task Force; Institute of Museum and Library Services; Library of Congress; National Archives and Records Administration; National Endowment for the Arts; National Endowment for the Humanities; National Voluntary Organizations Active in Disaster; Nuclear Regulatory Commission; Small Business Administration; Tennessee Valley Authority; U.S. Access Board; and U.S. Army Corps of Engineers

Source: National Disaster Recovery Framework, 2nd edition (June 2016). | GAO-26-108824

Note: According to the National Disaster Recovery Framework, each recovery support function has a designated coordinating agency along with primary agencies and supporting organizations with programs relevant to the functional area. Coordinating agencies provide significant engagement and management for the support function. Primary agencies are designated on the basis of their authorities, resources, and capabilities as well as supporting organizations which may bring relevant subject matter expertise and technical assistance as needed. A third edition of the National Disaster Recovery Framework was issued in December 2024, after we published this figure in our November 2022 report.

Because of the need to improve timely disaster assistance and to reduce fragmentation across federal disaster assistance programs, we added this area to our High-Risk List in February 2025. Further, we suggested Congress establish an independent commission to recommend reforms to the federal approach to disaster recovery.[6] We also have recommendations that, if implemented, could improve the country's resilience to natural disasters.[7]

Expediting the Pace of Cybersecurity and Critical Infrastructure Protections

While improvements have been made and efforts continue, the government is still not operating at a pace commensurate with the evolving, grave cybersecurity threats to our nation's security, economy, and well-being. State and non-state actors are attacking our government and private-sector systems thousands of times each day. In addition to national security and intellectual property, systems supporting daily life of the American people are at risk, including safe water, ample supply of energy, reliable and secure telecommunications, and our financial services.

We have made 4,441 related recommendations since 2010. While 3,848 have been implemented or closed as of December 2025, 593 have not been fully implemented. Also, greater federal efforts are needed to better understand the status of private-sector technological developments with cybersecurity implications—such as artificial intelligence—and to continue to enhance public- and private-sector coordination across the 16 critical infrastructure sectors of our nation.[8]

[6]GAO, *Disaster Recovery: Actions Needed to Improve the Federal Approach*, GAO-23-104956 (Washington, D.C.: Nov. 15, 2022). In January 2025, the President established the Federal Emergency Management Agency Review Council to assess FEMA's disaster response efforts and recommend improvements to the agency. H.R. 4669, introduced in the 119th Congress, would reorganize FEMA as an independent cabinet-level agency and change the structure of FEMA's post disaster grants.

[7]GAO, *Climate Resilience: Congressional Action Needed to Enhance Climate Economics Information and to Limit Federal Fiscal Exposure*, GAO-24-106937 (Washington, D.C.: Aug. 14, 2024).

[8]GAO, *High-Risk Series: Urgent Action Needed to Address Critical Cybersecurity Challenges Facing the Nation*, GAO-24-107231 (Washington, D.C.: June 13, 2024). In April 2024, the White House issued the *National Security Memorandum on Critical Infrastructure Security and Resilience* (NSM-22) which, among other things, reaffirmed the designation of the existing 16 critical infrastructure sectors.

Modernizing Information Technology Systems

The federal government spends more than $100 billion annually on IT, with the vast majority spent on operations and maintenance of existing systems rather than new technology. Currently, the government, in many cases, is carrying out critical missions with decades-old legacy technology that also carries tremendous security vulnerabilities. Many attempts to implement new systems have too often run far over budget, experienced significant delays and delivered far fewer improvements than promised. Recent challenges at the Federal Aviation Administration, Department of Education, and Department of Veterans Affairs vividly illustrate this situation.

Of the 1,881 recommendations we have made for this high-risk area since 2010, 463 remained open as of January 2025. Agency leaders need to give this area a higher priority and provide their Chief Information Officers necessary authorities and support if the government is ever to reap the benefits of modern technology.[9]

Addressing Risks to Public Health

Several high-risk areas focus on addressing critical weaknesses in public health efforts. We have identified a number of actions that Congress and the administration should take to address these weaknesses,[10] including

- ensuring the Department of Health and Human Services significantly elevates its ability to provide leadership and coordination of public health emergencies;
- providing the Food and Drug Administration with a much greater capacity to (1) inspect foreign drug manufacturers that produce many of the drugs consumed by Americans and (2) take stronger actions to address persistent drug shortages, including cancer therapies;
- improving the timeliness and quality of care given to our veterans, including mental health and suicide prevention, especially in rural areas;
- ensuring better health care by the Indian Health Service to Tribes and their members;
- providing national leadership to prevent drug abuse and further reduce overdose deaths; and

[9] GAO-25-107743.

[10] GAO-25-107743.

- ensuring the Environmental Protection Agency provides more timely reviews of potentially toxic chemicals before they are introduced into commercial production and widespread public use.

There is also a need for a more comprehensive approach to food safety to address fragmentation among 15 different federal agencies and at least 30 federal laws.[11] While the United States has one of the safest food supplies in the world, every year millions of people are sickened by foodborne illnesses, tens of thousands are hospitalized, and thousands die. A more proactive, coordinated approach that takes greater advantage of modern technology would be in the best interest of Americans and would lead to a more efficient government.

Modernizing our Financial Regulatory Systems

The March 2023 bank failures and rapid adoption of emerging technologies in the marketplace have highlighted continued challenges in the regulatory system since we initially designated this area as high-risk in 2009, during the financial crisis.

Actions are needed to strengthen oversight of financial institutions and address regulatory gaps. In particular, the Federal Reserve should improve procedures so that decisions to escalate supervisory concerns happen in a timely manner and Congress should consider designating a federal regulator for certain crypto asset markets, as we recommended.[12]

Resolving the Federal Role in Housing Finance

There is an essential need for Congress to clarify the federal role for Fannie Mae and Freddie Mac, two private-sector entities that provide underwriting for the U.S. mortgage market.[13] They are still in federal conservatorship from the 2008 global financial crisis with no clear path forward. The other key federal players, Ginnie Mae and the Federal Housing Administration, have had their portfolios greatly expanded to nearly $2.7 trillion and $1.4 trillion respectively, as of November 2024. Consequently, the federal government is greatly exposed to a downturn in the housing market.

[11]GAO-25-107604.

[12]GAO, *Bank Supervision: More Timely Escalation of Supervisory Action Needed*, GAO-24-106974 (Washington, D.C.: Mar 06, 2024) and *Blockchain in Finance: Legislative and Regulatory Actions Are Needed to Ensure Comprehensive Oversight of Crypto Assets*, GAO-23-105346 (Washington, D.C.: Jun 22, 2023).

[13]GAO-25-107743.

Addressing the Government's Human Capital Challenges

The government faces long-standing challenges in strategically managing its workforce. Of the 38 areas currently on our High-Risk List, 21 of them face human capital challenges. Skills gaps are prevalent across many parts of the federal government and can impair the government's ability to cost-effectively serve the public and achieve results. Agencies experience skills gaps when they have an insufficient number of staff or individuals without the appropriate skills or abilities to successfully perform their work. We have recommended agencies address skills gaps by improving workforce planning, training, and recruitment and retention efforts.[14]

Since we issued our High-Risk List in February, many agencies have reduced their workforces or are reorganizing. For example, the Departments of Energy, Housing and Urban Development, General Services Administration, and Office of Personnel Management are among the agencies experiencing the highest percentage of staff reductions this year, with likely more than a quarter of their employees separating from the agency, according to data agencies provided to us. We have ongoing work that will examine those workforce decisions.

A Strategy Is Also Needed to Address the Nation's Fiscal Condition

The federal government is on an unsustainable fiscal path, as debt is projected to grow at a faster rate than the economy. As of December 10, 2025, debt held by the public was $30.8 trillion, according to Department of the Treasury data.[15] We project that under current revenue and spending policies, debt held by the public will

- reach its historical high of 106 percent of gross domestic product (GDP) by 2027, and
- grow more than twice as fast as the economy over a 30-year period and reach 200 percent of GDP by 2047.[16]

Debt levels are driven by increasingly large annual deficits. Annual deficits remain above $1 trillion, despite economic growth. Absent policy changes, deficits are projected to grow because projected revenue will not be enough to pay for projected spending obligations. Federal health

[14]See GAO-25-107743.

[15]Total federal debt was almost $38.4 trillion as of December 10, 2025. This includes almost $7.6 trillion of intragovernmental debt, which is Treasury securities owned by other federal entities, such as the Social Security and Medicare trust funds. We use debt held by the public to assess the government's fiscal condition because it reflects the amount of debt that is outstanding in the economy.

[16]GAO-25-107714.

care programs—particularly Medicare—and Social Security made up about half of all program spending on average between 2008 and 2024.[17]

The government's annual spending on interest payments has increased dramatically. The government spent more than $970 billion for net interest in fiscal year 2025, compared to $345.5 billion in fiscal year 2020.[18] Interest costs in fiscal year 2025 were more than spending for some of the largest federal areas—including national defense—and are projected to grow. Consistently growing debt may increase interest rates for the federal government. Rising interest rates can hurt Americans' finances through higher borrowing costs, stagnant wages, or more expensive goods and services.

Perpetually rising debt as a share of GDP—and associated interest costs—have many direct and indirect implications for the economy, American households, and individuals. Risks include slower economic growth and increased chances of a fiscal crisis. Further, all else equal, as debt rises, interest costs rise and take up a greater share of federal spending, which may reduce policymakers' flexibility to respond to future economic downturns and other unexpected events.

The sooner the federal government takes action to address the nation's fiscal outlook, the less drastic those efforts will need to be. Congress and the administration will need to make difficult budgetary and policy decisions to address the key drivers of the debt and alter the government's fiscal trajectory. Since 2017, we have suggested that Congress develop a strategy to place the government on a more sustainable fiscal path. A strategy can help build consensus around this goal and provide a road map for achieving it.

[17] GAO-25-107714. Program spending does not include the government's spending to pay interest on the debt.

[18] Net interest outlays is the interest paid to holders of the debt that Treasury issues to the public minus certain income from loans and other sources.

We identified several components of an effective fiscal strategy:

- **Incorporate well-designed fiscal rules and targets to help manage debt**, for example by controlling factors such as spending and revenue to meet a debt-to-GDP target.[19]
- **Assess the drivers of the primary deficit**, such as mandatory and discretionary spending and revenue.
- **Address financing gaps for Social Security and Medicare**. Both of these programs are supported by trust funds that are projected to be depleted by 2033.[20] At that time, the programs would be financed only by annual revenue (primarily from payroll taxes), which will not be enough to support the full amount of promised benefits. For example, in 2033, Social Security's Old Age and Survivor's Insurance program revenue is projected to be sufficient to pay about 77 percent of scheduled retirement and survivor benefits. Medicare Part A (Hospital Insurance) program revenue is projected to be sufficient to pay about 89 percent of scheduled benefits in 2033. Changing the trajectory of the programs' finances will require additional revenue, cost reductions, or a combination of both. We developed a broad framework to help evaluate Social Security reform proposals.[21]
- **Replace the current debt limit.** The current debt limit process presents significant risks and does not control borrowing. We have suggested that Congress consider immediately removing the debt limit and adopting an approach that better links decisions about the debt with decisions about spending and revenue at the time those decisions are made.[22] Fiscal rules and targets can be an alternative to the current statutory debt limit process.

[19]GAO, *The Nation's Fiscal Health: Effective Use of Fiscal Rules and Targets,* GAO-20-561 (Washington, D.C.: Sept. 23, 2020).

[20]The Board of Trustees, Federal Old-Age and Survivors Insurance and Federal Disability Insurance Trust Funds, *The 2025 Annual Report* (Washington, D.C.: Jun. 18, 2025) and The Board of Trustees, Federal Hospital Insurance and Federal Supplementary Medical Insurance Trust Funds, *The 2025 Annual Report* (Washington, D.C.: Jun. 18, 2025).

[21]GAO, *Social Security Series Part 2: Criteria for Evaluating Reform Proposals,* GAO-24-106778 (Washington, D.C.: Nov. 30, 2023).

[22]GAO, *Debt Limit: Statutory Changes Could Avert the Risk of a Government Default and Its Potentially Severe Consequences,* GAO-25-107089, (Washington, D.C.: Dec. 11, 2024) and *Debt Limit: Market Response to Recent Impasses Underscores Need to Consider Alternative Approaches*, GAO-15-476 (Washington, D.C.: July 9, 2015).

A strategy would also include efforts to improve fiscal responsibility by reducing improper payments and fraud; improving tax compliance and reducing tax expenditures; and pursuing efficiencies. Our bodies of work on high-risk areas and fragmentation, overlap, and duplication include hundreds of ways to address these and other areas.

- **Reducing improper payments and fraud.** The distinct, yet interrelated, problems of improper payments and fraud are long-standing and significant.[23] Since fiscal year 2003, cumulative improper payment estimates reported by executive branch agencies have totaled about $2.8 trillion. This includes $162 billion for fiscal year 2024, with Medicare and Medicaid accounting for an estimated $85.4 billion. With respect to fraud, we estimated that the federal government loses between $233 billion and $521 billion annually, based on data from fiscal years 2018 through 2022.[24]

  In a prior testimony before the Senate Committee on Homeland Security and Governmental Affairs, I identified 10 actions Congress could take to address improper payments and fraud risks.[25] While legislation has been introduced in this Congress to address many of these recommendations, none are fully implemented. Three of these recommendations are highlighted below.

  1. Ongoing challenges with improper payments and fraud have underscored the value of analytical capabilities in aiding the oversight community's efforts to assess fraud, as well as to help agencies identify areas of risk. The federal government, however, does not have a permanent analytics center to aid the oversight

[23]Improper payments are any payments that should not have been made or that were made in an incorrect amount (including overpayments and underpayments). Fraud involves obtaining a thing of value through willful misrepresentation. While all fraudulent payments are considered improper, not all improper payments are due to fraud. GAO, *Improper Payments and Fraud: How They Are Related but Different* GAO-24-106608 (Washington, D.C.: Dec. 7, 2023).

[24]Our fraud estimate includes all federal programs and represents 3 to 7 percent of average annual obligations in this period. The range reflects the different risk environments during this period, which include normal operations as well as pandemic-relief programs and spending. GAO, *Fraud Risk Management: 2018-2022 Data Show Federal Government Loses an Estimated $233 Billion to $521 Billion Annually to Fraud, Based on Various Risk Environments*, GAO-24-105833 (Washington, D.C.: Apr. 16, 2024).

[25]GAO, *Emergency Relief Funds: Significant Improvements Are Needed to Ensure Transparency and Accountability for COVID-19 and Beyond*, GAO-22-105715 (Washington, D.C.: Mar. 17, 2022).

community with these efforts. We recommended Congress establish such a government-wide analytics center.[26]

2. Enhancing identity verification through data sharing has been shown to reduce instances of payments to the wrong or deceased individuals. The Social Security Administration (SSA) is temporarily sharing its full death data with Treasury's Do Not Pay system, but its authority to do so expires in December 2026. [27] According to Treasury, Do Not Pay's first year of temporary access to SSA's full death data resulted in total net benefits of $109 million, with benefits of at least $330 million projected over the 3-year approved access period. We recommended Congress make permanent the requirement that SSA share its full death data with Treasury's Do Not Pay system.[28]

3. Fraud-related reporting requirements can help Congress oversee agencies' efforts to manage fraud risks and improve transparency and accountability. Agencies are to create controls to identify and assess fraud risks and to design and implement antifraud control activities. In doing so, agencies are to adhere to GAO's Fraud Risk Framework's leading practices.[29] However, the requirement for agencies to report on their antifraud efforts ended in fiscal year 2020. We recommended Congress reinstate the requirement that agencies report on their antifraud controls and fraud risk management efforts in their annual financial reports.[30]

Additionally, we have made recommendations to better understand the scope and scale of fraud, not only at a government-wide level but

[26]GAO-22-105715. Congress partially addressed this matter by extending the sunset date of the Pandemic Response Accountability Committee (PRAC), which includes the Pandemic Analytics Center of Excellence, to 2034 and expanding its jurisdiction. However, the PRAC and its analytics center are neither permanent nor government-wide. Pub. L. No. 119-21, § 90102, 139 Stat. 72, 363 (2025).

[27]Do Not Pay is a data matching service for agencies to use in preventing payments to ineligible individuals.

[28]GAO-22-105715. H.R. 2716, S. 269, and H.R. 1533, introduced in the 119th Congress, would satisfy this matter if enacted.

[29]31 U.S.C. § 3357; Office of Management and Budget, Management's Responsibility for Enterprise Risk Management and Internal Control, OMB Circular No. A-123 (Washington, D.C.: July 15, 2016) and GAO, *A Framework for Managing Fraud Risks in Federal Programs*, GAO-15-593SP (Washington, D.C.: July 28, 2015).

[30]GAO-22-105715. S. 80 and H.R. 1533, introduced in the 119th Congress, would satisfy this matter if enacted.

also within individual agencies and programs. Currently, partly due to incomplete and varyingly recorded data on identified fraud, the federal government cannot determine the extent of fraud in individual programs. In April 2024, we made recommendations to the Office of Management and Budget (OMB) and Treasury to develop guidance and identify methods to expand government-wide fraud estimation.[31]

- **Improving tax compliance and addressing tax expenditures.** In October 2024, the Internal Revenue Service (IRS) projected that the net tax gap—the difference between what taxpayers owe and the amount they pay voluntarily and on time—was $606 billion during the 2022 tax year.[32]

  We have identified various actions that could reduce the tax gap and increase federal revenue, particularly actions to address the underreporting of income by certain types of self-employed individuals, the largest single component of the tax gap.[33] Likewise, we estimated that in fiscal year 2024 tax expenditures—such as deductions, exclusions, and credits—reduced tax revenue by approximately $1.6 trillion.[34] We continue to emphasize the

[31] GAO-24-105833. These recommendations include identifying methods to expand fraud estimation for high-risk program areas and developing guidance on data collection to support fraud estimation. As of March 2025, OMB did not have an update and Treasury had begun to explore fraud estimation approaches, consistent with our recommendation.

[32] IRS estimated the gross tax gap to be $696 billion. Through late payments and enforcement actions IRS expects to collect an additional $90 billion, leaving an estimated $606 billion net tax gap.

[33] For more information see Tax Gap | U.S. GAO, GAO, *Tax Gap: IRS Should Take Steps to Ensure Continued Improvement in Estimates,* GAO-24-106449 (Washington, D.C.: May 6, 2024) and GAO, *Sole Proprietor Compliance: Treasury and IRS Have Opportunities to Reduce the Tax Gap,* GAO-24-105281 (Washington, D.C.: Oct. 19, 2023).

[34] The total change in tax revenues from repealing tax expenditures could differ from the sum of the estimates because of possible interactions among individual tax expenditures or outlay effects from refundable tax credits. We calculate the annual tax expenditure estimate using information from Treasury, which prepares a list of tax expenditures in the federal budget, as required by law.31 U.S.C. § 1105. See https://home.treasury.gov/policy-issues/tax-policy/tax-expenditures. Total federal revenue in fiscal year 2024 was $4.9 trillion.

importance of reviewing these types of tax policies to determine how, if at all, they are achieving their intended policy goals.[35]

- **Better controlling cost growth and schedule delays in high-dollar procurements.** The government has great difficulty controlling the costs of its multitrillion-dollar acquisition portfolio, including procurements critical to national defense, nuclear weapon systems modernization, space programs, and health care for veterans. Many major acquisitions by agencies such as the Department of Defense (DOD), the Department of Energy, the National Aeronautics and Space Administration, and the Department of Veterans Affairs have experienced cost growth, schedule delays, or both. For example, our findings on DOD weapon systems acquisition are increasingly alarming. The acquisition processes used in the past are now too slow to address emerging threats of the future—not providing initial capabilities for an average of 12 years.[36] Implementing our recommendations to better control cost growth and schedule delays could yield billions in savings and provide more timely delivery.
- **Rightsizing the government's property holdings.** Owning and managing 277,000 buildings as of 2023, the federal government is one of the nation's largest property holders. Annual maintenance and operating costs for federal properties exceeded $10.3 billion in fiscal year 2023. In addition, the federal government's backlog of maintenance and repair needs more than doubled in estimated cost from fiscal years 2017 through 2024, going from $170 billion to $370 billion.

  Better management of the federal government's property portfolio is needed to effectively dispose of unneeded buildings; collect reliable real property data; and improve the security, condition, and configuration of federal facilities.[37] We recommended more

[35]See GAO, *Priority Open Recommendations: Department of the Treasury,* GAO-24-107324 (Washington, D.C.: Jun. 5, 2024), *Tax Expenditures: Opportunities Exist to Use Budgeting and Agency Performance Processes to Increase Oversight,* GAO-16-622 (Washington, D.C.: July 7, 2016), and *Government Performance and Accountability: Tax Expenditures Represent a Substantial Federal Commitment and Need to be Reexamined*, GAO-05-690 (Washington, D.C.: Sept. 23, 2005).

[36]GAO, *Weapon Systems Annual Assessment: DOD Leaders Should Ensure That Newer Programs Are Structured for Speed and Innovation*, GAO-25-107569 (Washington, D.C.: June 11, 2025).

[37]GAO, *Federal Real Property: Successful Public Buildings Service Reorganization is Critical for Addressing Longstanding Challenges*, GAO-26-108785 (Washington, D.C.: Dec. 11, 2025).

appropriate utilization benchmarks be implemented to guide better and more timely property management. Also, lessons need to be applied from recent attempts to expedite disposals to establish a more viable process. Efforts are also needed to better manage and maintain property.[38]

- **Achieving greater financial management discipline at DOD.** Financial management weaknesses hinder agencies' ability to produce reliable, useful, and timely financial information and prevent and detect improper payments and fraud. DOD spends over $1 trillion annually to protect the security of the country but is vulnerable to fraud and financial mismanagement because of its weak internal control environment. DOD is the only major federal agency to have never achieved an unmodified "clean" opinion on its financial statements.

  We have recommended that DOD redouble its efforts to modernize its financial management systems, more promptly fix problems identified by its auditors, and maintain a well-qualified workforce.[39] DOD can continue to build on the progress shown by the Marine Corps, which recently obtained a clean audit opinion.

- **Broad restructuring of U.S. Postal Service.** The U.S. Postal Service's (USPS) mission is to provide prompt, reliable, and efficient universal postal service and it plays a critical role in the nation's communications and commerce. To meet its mission, USPS maintains a large workforce and the largest physical and logistical infrastructure of any nonmilitary government institution. However, for years USPS has faced unsustainable financial challenges, declining mail volumes, significant capital needs (such as vehicle replacement), and an outdated business model that struggles to align costs with changing mail use.

  Congress acted to alleviate certain fiscal pressures and USPS is trying to reduce costs, but it is still losing money ($16 billion in fiscal years 2023 and 2024) and has extensive liabilities and debt ($181 billion in fiscal year 2024). USPS estimates that the fund supporting postal retiree benefits will be depleted in fiscal year 2031. At that point, USPS would be required to pay its share of retiree health care premiums, which USPS projects to be about $6 billion per year.

[38] GAO-25-107743.

[39] GAO-25-107743.

Although USPS has taken significant actions under its own authority, we continue to emphasize the need for a broad restructuring to achieve long-term viability, which would require congressional action.[40] There is a fundamental tension between the level of service Congress expects and what revenue USPS can reasonably be expected to generate. Congress needs to establish what services it wants USPS to provide and negotiate a balanced funding arrangement.

- **Implementing a complete inventory of federal programs.** In recent years, the administration has made progress toward fully developing a comprehensive inventory of federal programs, as required by law.[41] For example, in January 2025 OMB updated and expanded its federal program inventory website, which now provides spending and other information for over 2,600 federal programs.[42] However, we found that the inventory does not yet include all federal programs, such as acquisitions, defense, or foreign assistance programs. It also does not provide all required information, such as each program's contributions to its agency's mission and goals.[43]

  A complete inventory of federal programs—with related funding and performance information—would be a critical tool for oversight and accountability of federal programs and spending. It would also help decision-makers better identify and manage fragmentation, overlap, and duplication across the federal government. We recommended that OMB articulate plans on how and when it will complete a comprehensive inventory.[44]

Thank you, Chairman Lankford, Ranking Member Fetterman, and members of the subcommittee. This concludes my testimony. I would be pleased to answer any questions.

[40]GAO, *U.S. Postal Service Primer: Answers to Key Questions about Reform Issues,* GAO-21-479SP, Washington, D.C.: Sept. 23, 2021.

[41]See 31 U.S.C. § 1122.

[42]GAO*, Federal Programs: OMB Needs a Structure to Govern and a Plan to Develop a Comprehensive Inventory*, GAO-24-107656, (Washington, D.C.: Sept. 25, 2024).

[43]See GAO-25-107604. We expect to publish a report in winter 2026 that more fully assesses the January 2025 version of the federal program inventory.

[44]GAO-24-107656.

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