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**U.S. SENATE COMMITTEE ON HOMELAND SECURITY AND
GOVERNMENTAL AFFAIRS**

**SUBCOMMITTEE ON FEDERAL FINANCIAL MANAGEMENT,
GOVERNMENT INFORMATION, FEDERAL SERVICES, AND
INTERNATIONAL SECURITY**

HEARING: "Assessing Efforts to Eliminate Improper Payments"

WASHINGTON – Today, Sen. Tom Carper (D-Del.), Chairman of the U.S. Senate Subcommittee on Federal Financial Management, convened the hearing, "Assessing Efforts to Eliminate Improper Payments." For more information or to watch a live webcast of the hearing, please click [here](#). A copy of Sen. Carper's opening remarks, as prepared for delivery, follows:

"Today's hearing will focus on the very high levels of improper payments made by federal agencies, as well as our efforts to curb these very wasteful and sometimes fraudulent payments.

"As we hold this hearing today, our nation faces considerable economic challenges. Partly as a result of those challenges, we've faced record budget deficits in recent years. Our national debt stands at about \$14.3 trillion, well over double what it was just 10 years ago. As you are all undoubtedly aware, just a few days ago we reached the federal debt ceiling, the legal limit for borrowing money by the federal government. The last time the debt was this high was at the end of World War II. That level of debt was not sustainable then, and it is not sustainable today.

"A wide variety of ideas have been put forward on how to reduce our budget deficit and begin whittling down our debt. Last fall, a majority of the bipartisan deficit commission appointed by President Obama provided us with a roadmap to reduce the cumulative federal deficits over the next decade by some \$4 trillion. A number of the steps we would need to take to accomplish that goal will likely be painful. While most Americans want us to reduce the deficit, determining the best path forward will not be easy.

"Many Americans believe that those of us here in Washington aren't capable of doing the

hard work we were hired to do – that is to effectively manage the tax dollars they entrust us with. They look at the spending decisions we've made in recent years and question whether the culture here is broken. They question whether we're capable of making the kind of tough decisions they and their families make with their own budgets. I don't blame them for being skeptical.

"We need to establish a different kind of culture in Washington when it comes to spending. We need to establish a 'culture of thrift' to replace what some would call a 'culture of spendthrift.' We need to look in every nook and cranny of federal spending – domestic, defense and entitlements, along with tax expenditures – and ask this question, 'is it possible to get better results for less money?' If not, is it possible to get better results for the same amount of money we're spending today? But even before we start on that important work, we need to sharpen our pencils and stop making the kind of expensive, avoidable mistakes that lead to improper payments.

"Last year the federal government made an estimated \$125 billion in improper payments. These improper payments come from over 70 programs at 20 agencies. These include programs like Medicare and Medicaid, civilian and military pay at the Department of Defense, and the Federal Emergency Management Agency, to name just a few.

"An improper payment occurs, as most of you probably know, when an agency pays a vendor for something it didn't receive or, maybe, even pays them twice. It can occur when a recipient has died and is no longer eligible for payment, or when a vendor owes the government money and legally should not be getting a payment until this debt is repaid. These kinds of mistakes occur every day across government.

"But what disturbs me about the problem here in the federal government, is that we seem to make these kinds of mistakes at a rate much higher than a business or the average family would tolerate or could afford.

"We throw big numbers around Washington all the time so I want to put things in perspective, as I have in the past at these hearings. The \$125 billion figure is more than the Gross Domestic Product of each of 120 other countries. In fact, for a comparison closer to home, \$125 billion would fund the entire state of Delaware's operating budget for nearly 40 years. But I should point out to our Ranking Member, Sen. Brown, that it would only fund the state of Massachusetts for four years.

"So it's easy to see how urgent it is that we step up the pace of our efforts to prevent improper payments and eliminate, to the best of our abilities, the management problems that lead to waste and fraud. Success in doing so will go a long way towards helping us reduce our deficit.

"The good news is that we are seeing renewed commitment to reducing improper payments, and we are making some progress. A number of agencies have reduced mistakes and saved money since we first began to shine a spotlight on improper payments during the Bush administration.

"Today, we are joined by several witnesses who are each key players in helping the government successfully identify, decrease, and even eliminate improper payments in the federal government.

"A new law that I co-authored with a number of my colleagues on this panel is moving us even further along. The Improper Payments Elimination and Recovery Act, signed into law by President Obama last summer, requires more transparency from agencies with regard to waste and fraud within their programs. It also forces managers to take additional steps to end the practices that lead to improper payments and, where appropriate, recover the funds they spend improperly. We will hear from our witnesses about the progress of the new law's implementation.

"In addition, our witnesses will talk about one specific initiative called the "Do Not Pay" list. The idea of the Do Not Pay List is straightforward and logical. It would require that federal agencies first check against a centralized federal database – the Do Not Pay list – to make sure we are not paying recipients who are ineligible for payment. Of course, those watching this hearing may ask the obvious question of why would a federal agency ever pay an individual who has died or is a debarred federal contractor, for example?

"Unfortunately, the answer is that, all too often, agencies simply don't do a very good job of coordinating their efforts to prevent improper payments or communicating about best practices. Many also have antiquated databases and computer systems for tracking basic payment information. The Do Not Pay initiative is a major attempt to fix this frustrating problem.

"We are here today in large part because I believe that we have a moral imperative to ensure that the scarce resources we put into federal programs are well spent. It is the right thing to do on behalf of the taxpayers who entrust us with their hard-earned money. We must use every tool available to bring our fiscal house back in order and give the American people the government they deserve."

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