

Chairman Peters Opening Statement As Prepared for Delivery
Full Committee Hearing: Pandemic Response and Accountability: Reducing Fraud and
Expanding Access to COVID-19 Relief through Effective Oversight
March, 17 2022

The Committee will come to order.

Today, we will examine the federal government's efforts to conduct oversight of vital pandemic relief spending.

Over the past two years, Congress has authorized historic levels of emergency relief to address the public health and economic challenges caused by the COVID-19 pandemic.

This important emergency relief helped ensure that families could make ends meet, and businesses could continue paying their employees during lockdowns. It also helped ensure that much-needed personal protective equipment could be secured, and that lifesaving vaccines could be developed, to help get our nation closer to bringing the pandemic under control.

The federal government's efforts to tackle this pandemic have been a monumental task, and our federal agencies have been working around the clock to help keep Americans safe, and make sure this critical aid reached the families, small businesses and health care providers who needed it most.

There is no question that there were challenges in getting these programs off the ground, and that criminals wishing to take advantage of these resources made fraudulent attempts to access funds.

That is why I was proud to work with Senator Johnson to ensure that these important emergency relief bills included important oversight mechanisms, like the Pandemic Response Accountability Committee, or PRAC, to ensure these funds were being used as Congress intended, and to prevent waste, fraud and abuse.

Along with the PRAC, each of the agencies represented here today have taken exhaustive efforts to ensure the effective use of the nearly \$7 trillion in COVID-19 relief funding passed by Congress, that provided critical aid to Michiganders and Americans across the country.

Over the last two years, these key oversight bodies, and agency inspectors general, have issued more than 350 reports, and more than 500 recommendations to improve our nation's pandemic response. This included efforts to uncover inefficiencies, such as outdated systems and infrastructure, and develop innovative practices to detect and prevent fraud and identity theft, while improving transparency for the American people.

The PRAC's Pandemic Analytics Center of Excellence has facilitated access to more than 150 million records that would otherwise have not been available to inspectors general and law enforcement. And the broader inspectors general community has made nearly 1,300 indictments and 1,000 arrests for pandemic-related fraud.

While I'm grateful for these successes and, that our federal government got relief funds out the door as quickly as possible, the swift release of funding also exposed the potential for mismanagement and lack of internal controls that left many programs vulnerable, especially to fraud.

For example, instead of a thorough examination of an applicant's eligibility, many programs substituted this requirement with quicker self-reported information, which contributed to funds mistakenly being sent to deceased individuals, ineligible applicants, or fraudulent criminal schemes.

In fact, Unemployment Insurance programs have consistently ranked as one of the highest-risk federal benefits programs for known or suspected fraud. And the Department of Labor Office of Inspector General estimates more than \$87 billion may have been paid improperly.

Most shockingly, even before the release of COVID-19 relief funding, some estimates note Unemployment Insurance often has an improper payment rate above 10%, including for 14 of the last 17 years.

While some measures have been taken to remediate these well-known problems, tracking down and recouping money that has already been improperly spent has proven to be a difficult and ineffective solution.

Congress and the Administration must better understand the underlying causes that led to the fraud across these programs, and put the government on stronger financial footing for any future spending priorities.

I look forward to hearing today from our panel of experts who will discuss their roles in preventing improper payments and reducing fraud across these federal spending programs.