

H.R. 8342, IMPROPER PAYMENTS TRANSPARENCY ACT

Rep. Rudy Yakym (R-IN) | Rep. Jimmy Panetta (D-CA) | Rep. Jack Bergman (R-MI) | Rep. Scott Peters (D-CA)

The *Improper Payments Transparency Act* would direct the President to include in the annual budget request the amounts and rates of improper payments at each executive agency, year-over-year trends, a detailed explanation of trends, and a summary of any corrective actions taken to address improper payments.

What are Improper Payments?



According to the Government Accountability Office (GAO), “improper payments are payments that should not have been made or were made in the incorrect amount.”



Since 2003, the federal government has made **\$2.7 trillion in improper payments**.



In Fiscal Year (FY) 2023 alone, **14 federal agencies** reported a total of **\$236 billion** in improper payments across **71 government programs**. These inefficiencies reduce funding to programs and people in need.



The true cost of improper payments is likely even higher than reported figures, however, as some programs that agencies have determined are susceptible to significant improper payments do not report.

H.R. 8342 was introduced by House Budget Committee (HBC) Budget Process Reform Task Force Chair Rudy Yakym (R-IN), HBC Oversight Task Force Chair Jack Bergman (R-MI), Rep. Scott Peters (D-CA), and Rep. Jimmy Panetta (D-CA) on 5/10/2024.

THE PROBLEM

Improper payment reporting requirements are severely lacking.

- In FY 2023, GAO identified eight programs as susceptible to significant improper payments that were required to report improper payment estimates but did not do so.
- GAO also found that **10 of the 24** largest executive branch agencies **did not fully comply** with reporting criteria as governed by the Office of Management and Budget (OMB) and the Payment Integrity Information Act.
- Not every government program is required to report estimated improper payments each year. By law, agencies make the determination for their own programs in accordance with guidance from the OMB.

THE SOLUTION

The Improper Payments Transparency Act corrects gaps in improper payment reporting by requiring the inclusion of key data in the President's budget, such as:

- A description of programs required to submit improper payment reports;
- A detailed explanation of why any improper payments occurred;
- Trends in improper payment amounts and rates over a three-year period;
- What corrective actions regarding improper payments are incomplete; and
- Steps agencies will take to reduce improper payments.

While some of this information may exist in other places, we believe that this significant driver of deficit spending and debt belongs in the government's ultimate budget document and should be reported to Congress annually. In addition, creating a narrative out of the disjointed and fragmented reporting that currently exists will identify root causes of improper payments and allow agencies to work toward preventing improper payments in totality.

- Expanded data reporting requirements will compel government programs to identify and examine barriers to information gathering.
- A greater emphasis on improper payments within the President's budget will highlight the immense threat they pose to the fiscal state of the nation.