

IMPROPER PAYMENTS

ANALYZING \$2.3 TRILLION MISTAKENLY SPENT
BY THE U.S. GOVERNMENT SINCE 2004

 OPENTHEBOOKS OVERSIGHT REPORT



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AMERICAN TRANSPARENCY

IMPROPER PAYMENTS

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“OpenTheBooks is doing the work I envisioned when the Coburn-Obama bill became law. Their innovative app and other tools are putting sunlight through a magnifying glass.”

U.S. Senator Tom Coburn, MD

Washington, D.C. | March 11, 2014

Dedicated to Dr. Tom Coburn

OpenTheBooks Honorary Chairman

Rest In Peace - March 28, 2020

OUR REPORT MADE POSSIBLE BY:

The “Federal Funding Accountability and Transparency Act of 2006”

Sponsors: Sen. Tom Coburn (R-OK) & Sen. Barack Obama (D-IL)

(Public Law 109-282, 109th Congress)

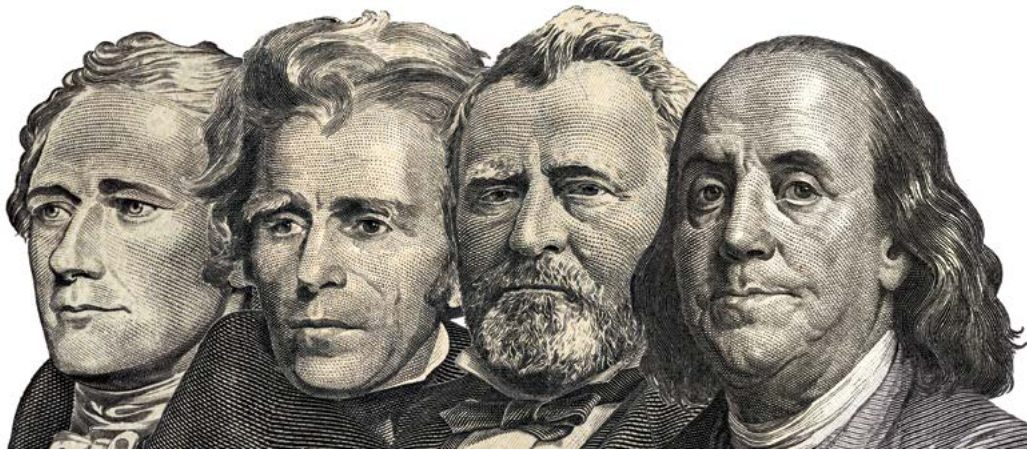
“Is the spending in the public interest or the special interest?”

– U.S. Sen. Tom Coburn, MD

“I know that restoring transparency is not only the surest way to achieve results, but also to earn back the trust in government...”

– U.S. Sen. Barack Obama

PROLOGUE



SINCE 2004, twenty large federal agencies have [admitted](#) to disbursing an astonishing \$2.3 trillion in improper payments. Last year, these improper payments [totaled](#) \$175 billion – that’s about \$15 billion per month, \$500 million per day, and \$1 million a minute.

But what exactly is an improper payment?

Federal law [defines](#) the term as “payments made by the government to the wrong person, in the wrong amount, or for the wrong reason.”

When people or companies receive money they don’t deserve, it erodes trust and hinders the government’s ability to finance everything from defense to health care.

This issue has attracted reform efforts on both sides of the aisle. In 2009, President Barack Obama issued an executive order to stop improper payments in the core programs of the federal government. Core programs provide services such as Medicare and Medicaid.

In 2020, President Donald Trump emphasized the importance of eliminating improper payments in the President’s Budget to Congress FY2021.

But with billions of dollars misspent every year, more needs to be done.

Tell Congress and the Administration to enact better safeguards to prevent the massive waste of national resources.

WHO WE ARE

American Transparency ([OpenTheBooks.com](#)) is a public charity. We do not accept government money. Our oversight reports present hard data so citizens, media, think tanks, politicians, and watchdogs can “follow the money.” Hard facts are non-partisan and enhance the public discourse.



SCOPE & METHODOLOGY

Our *OpenTheBooks Oversight Report: Improper Payments* analyzed the data federal agencies disclosed during fiscal years 2004 through 2019. Our goal is to help taxpayers understand improper payments – definition, reasons, and aggregate amounts – admitted to and recognized by the 20 largest agencies.

Our auditors accessed improper payment disclosures from [paymentaccuracy.gov](https://www.paymentaccuracy.gov) (a website of the Office of the President, Office of Management and Budget) through the *Improper Payments Elimination and Recovery Act of 2010* and Appendix C to Circular No. A-123, *Requirements for Payment Integrity Improvement*. The latest year available is FY2019 (updated March 2020).

Errors in the federal disclosures and data reporting, if any, were replicated in this report.

BACKGROUND



Federal law [defines](#) the term “improper payments” as “payments made by the government to the wrong person, in the wrong amount, or for the wrong reason.”

Improper payments [are](#) “any payment that should not have been made or that was made in an incorrect amount under statutory, contractual, administrative, or other legally applicable requirement.”

The term “improper payment” consists of two main components: (1) improper payments resulting in a monetary loss to the Government and (2) improper payments that do not result in a monetary loss. Payments of monetary loss are of the highest priority to stop within the agencies.

The Office of Management and Budget (OMB) collects and analyzes data on improper payments. OMB identifies the root causes of improper payments, designs mitigation strategies, and regularly assesses the effectiveness of those strategies, refining as necessary.

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TOP 10 TAKEAWAYS

1 TOTAL MISTAKES

\$175 billion in estimated improper payments [reported](#) by the 20 largest federal agencies, averaging \$14.6 billion per month. **Total (FY2004-FY2019): \$2.3 trillion**

2 WORST PROGRAMS

Billion-dollar Boondoggles: \$121 billion (approximately 69 percent) in improper payments occurred within three program areas – Medicaid, Medicare, and Earned Income Tax Credit.

3 CLAW BACK

Recapture totaled \$21.1 billion of the \$175 billion improper payments during 2019 — roughly 14 cents on every dollar misspent. Five-year total: \$103.6 billion recaptured/ \$747.7 billion improperly spent.

4 TOP 10 WORST AGENCIES

TOP 10 FEDERAL AGENCIES IMPROPER PAYMENTS		
AGENCY	2018	2019
Health and Human Services (HHS)	\$86.5 billion	\$106.7 billion
Treasury	\$18.4 billion	\$26.7 billion
Veterans Affairs (VA)	\$14.7 billion	\$12 billion
Defense (DOD)	\$1.2 billion	\$8.7 billion
Social Security Administration (SSA)	\$10.9 billion	\$8.2 billion
Agriculture	\$6.1 billion	\$6.8 billion
Labor	\$3.8 billion	\$2.9 billion
Education (ED)	\$6 billion	\$1.1 billion
Small Business Administration (SBA)	\$936.3 million	\$522.3 million
Office of Personnel Management (OPM)	\$355.5 million	\$339.4 million

5 BAD BOOKKEEPING

Dead people received \$871.9 million in mistaken payments. Medicaid, social security payments, federal retirement annuity payouts (pensions), and even farm subsidies were sent to dead recipients. Root cause: failure to verify death.

Four-year total: \$2.8 billion

6 ANCIENT AMERICANS

Six million Social Security numbers are active for people aged 112+; however, only 40 people in the world are known to be older than 112 years of age.

7 WORST TREND

Medicaid and Medicare improper payments soared from \$64 billion (2012) to \$88.6 billion (2017), and, in 2019, to \$103.6 billion. **Five-year total: \$456 billion**

8 BEST TURNAROUND

In 2018, the Education Department overpaid \$6 billion to college students receiving PELL grants and student loans. In 2019, improper payments were reduced to \$1.1 billion – an 85-percent reduction.

9 IMPROPER INCOME REDISTRIBUTION

\$17.4 billion in improper payments by the Internal Revenue Service (IRS) within the Earned Income Tax Credit program. 25-percent of all payments were improper. **Five-year total: \$84.35 billion**

10 PURCHASING POWER

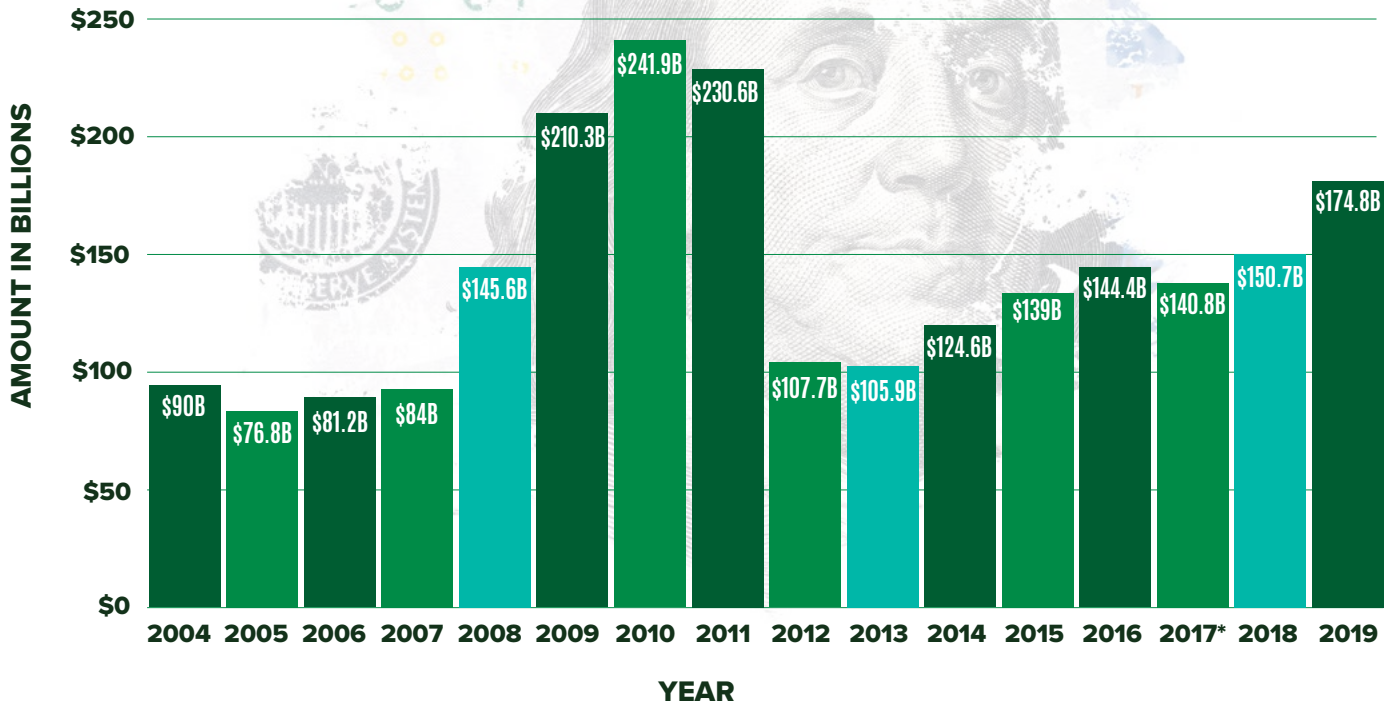
What can \$175 billion buy?

DESCRIPTION	PRICE
1x year of all federal salaries, perks, and pension benefits in the executive agencies	\$175 billion
8x U.S. census count	\$22 billion each
16x updating the nuclear arsenal	\$11 billion each
29 border walls with Mexico	\$6 billion each
875,000 additional doctors hired at VA	\$200,000 each
6 million student loans forgiven	\$30,000 each
35 million teenagers getting braces	\$5,000 each
175 million root canals	\$1,000 each
412 million fancy bicycles	\$425 each
13 billion Netflix subscriptions	\$13 monthly

OVERVIEW

IMPROPER PAYMENTS BY YEAR

Since 2004, the twenty largest federal agencies disclosed \$2.25 trillion in improper payments.



*Methodology changed for calculating improper payments in the 20-largest federal agencies
 Source: Office of Personnel Management disclosures

ROOT CAUSES OF IMPROPER PAYMENTS (2015-2019)

AGENCY	2015	2016	2017	2018	2019
Inability to Authenticate Eligibility — Can't Access Data	\$31.2 billion	\$68.8 billion	\$33.2 billion	\$18.5 billion	\$14 billion
Inability to Authenticate Eligibility — Data Needed Doesn't Exist	Included above	Included above	Included above	\$18 billion	\$13.5 billion
Failure to Verify Death	\$31.2 million	\$644.9 million	\$326.3 million	\$966 million	\$865 million
Administrative Error - Federal	\$5.5 billion	\$6.2 billion	\$10.2 billion	\$12.8 billion	\$3 billion
Administrative Error - States	\$19.8 billion	\$47.7 billion	\$25 billion	\$21.5 billion	\$11 billion
Administrative Error - 3rd Party	\$17 billion	\$43.7 billion	\$17 billion	19.1 billion	\$25 billion
Insufficient Documentation	\$45.4 billion	\$87.2 billion	\$40.1 billion	\$40 billion	\$73.7 billion

Source: OMB annual disclosures

10 CASE STUDIES:

AGENCIES

DEPARTMENT OF HEALTH AND HUMAN SERVICES (HHS)

2019 IMPROPER PAYMENTS: \$106.7 BILLION

2018 IMPROPER PAYMENTS: \$86.5 BILLION

IDENTIFIED FOR RECOVERY EFFORTS (2019): \$14.1 BILLION

RECAPTURED: \$12.1 BILLION

RECAPTURE RATE: 85.9%



Mission: “Enhance and protect the health and well-being of all Americans. We fulfill that mission by providing for effective health and human services and fostering advances in medicine, public health and social services.”

Health and Human Services (HHS) administers the Medicaid and Medicare healthcare programs.

In 2011, when President Barack Obama signed the Affordable Care Act, Congress [vowed](#) to help pay for it by rooting out waste, fraud, corruption and taxpayer abuse from Medicare and Medicaid.

In fact, improper payments from Medicare and Medicaid soared from \$64 billion in 2012 to \$88.6 billion in 2017 to \$103.6 billion

These improper payments include \$33 billion in overpayments and \$61 billion in unknowable improper payments – meaning the agencies could not determine whether the payments were overpaid or underpaid.

HEALTH AND HUMAN SERVICES IMPROPER PAYMENTS				
YEAR	MEDICARE FFS	MEDICARE PART D	MEDICARE PART C	MEDICAID
2015	\$43,325,610,000	\$2,234,250,000	\$14,117,000,000	\$29,124,610,000
2016	\$41,084,650,000	\$2,393,940,000	\$26,182,660,000	\$36,253,250,000
2017	\$36,207,997,604	\$1,295,600,000	\$14,351,710,000	\$36,731,130,000
2018	\$31,617,939,453	\$1,318,920,000	\$15,554,310,000	\$36,249,700,000
2019	\$28,908,831,703	\$607,940,000	\$16,728,580,000	\$57,358,130,000

Source: PaymentAccuracy.gov

TREASURY DEPARTMENT, INTERNAL REVENUE SERVICE (IRS)

2019 IMPROPER PAYMENTS: \$26.7 BILLION
2018 IMPROPER PAYMENTS: \$18.4 BILLION

**IDENTIFIED FOR RECOVERY EFFORTS (2019):
 \$2.87 MILLION**
RECAPTURED: \$1.8 MILLION
RECAPTURE RATE: 62.7%



Mission: The Earned Income Tax Credit program administered through the IRS disclosed \$17.4 billion in erroneous payments. \$1 in every \$4 paid out to beneficiaries last year was improperly disbursed. All of the mistaken payments were overpayments.

Description of the EITC:



“The IRS plays a critical role in providing financial help to low-income households. Each year, over 9 million individuals - half of them children – are lifted above poverty level as a result of the Earned Income Tax Credit (EITC). During tax year 2017, over 26 million taxpayers received over \$64 billion in EITC benefits – making the credit one of the largest anti-poverty programs in the United States.”

IRS statement on EITC improper payments:

“...IRS does not have the resources to audit every return claiming return tax credits (RTCs), and the adjustments able to be attained through this process are small relative to the amount of improper payments estimated for the program. Without legislative change to greatly improve effective tools to administer these credits, the improper payment rate will not drastically change.”

Other tax credit programs are also programmatic for the IRS. From an [article](#) at Accounting Today:

“Not only the EITC is a problem for the IRS, according to the Treasury Inspector General For Tax Administration (TIGTA) report. The agency continues to incorrectly rate the improper payment risk associated with other refundable credits like the Additional Child Tax Credit, the American Opportunity Tax Credit, and the Premium Tax Credit. The incorrect rating allows the IRS to circumvent reporting required information for these programs to the Department of the Treasury for inclusion in the Agency Financial Report.”

[accountingTODAY](#)

TREASURY IMPROPER PAYMENTS				
YEAR	AMERICAN OPPORTUNITY TAX CREDIT	ADDITIONAL CHILD TAX CREDIT	EARNED INCOME TAX CREDIT (EITC)	
2015	NO DATA	NO DATA	\$15,600,000,000	
2016	NO DATA	NO DATA	\$16,762,650,000	
2017	NO DATA	NO DATA	\$16,231,580,000	
2018	NO DATA	NO DATA	\$18,443,480,000	
2019	\$2,051,930,000	\$7,223,490,000	\$17,351,610,000	

Source: [PaymentAccuracy.gov](#)



DEPARTMENT OF VETERANS AFFAIRS

2019 IMPROPER PAYMENTS: \$12 BILLION

2018 IMPROPER PAYMENTS: \$14.7 BILLION

IDENTIFIED FOR RECOVERY EFFORTS (2019): \$4.5 BILLION

RECAPTURED: \$1.84 BILLION

RECAPTURE RATE: 44.4%

Mission: “Provide veterans the world-class benefits and services they have earned – and to do so by adhering to the highest standards of compassion, commitment, excellence, professionalism, integrity, accountability, and stewardship.”

Fourteen VA programs reported improper payments. The activities these programs undertake range from purchasing supplies, paying compensation and pensions, to providing community care.

Despite the billions of dollars wasted every year, the VA has slow-walked work that could prevent these losses. For example, many programs take two years to collect baseline data on improper payments. Here is the VA statement, “...expects to set a reduction target after a 24-month reporting cycle when a full baseline has been established and reported.”

Statement from Veterans Affairs:

“During FY19 testing for improper payments, VA found that many root causes of improper payments still have not been remediated. While VA is actively working corrective actions to remediate these complex problems VA completes its statically valid testing for IPERA (Improper Payments Elimination & Recovery Act) one year in arrears. The reduction targets recognizing that many root causes were not fully resolved in FY19. In addition, some programs already have very low error rates and additional aggressive reductions would be unrealistic.”

DEPARTMENT OF VETERANS AFFAIRS IMPROPER PAYMENTS				
YEAR	SUPPLIES AND MATERIALS	MEDICAL CARE CONTRACTS	PURCHASED LT SERVICES & SUPPORT	VA COMMUNITY CARE
2015	\$32,440,000	NO DATA	\$875,128,000	\$2,142,690,000
2016	\$22,270,000	NO DATA	\$1,179,490,000	\$3,587,245,000
2017	\$479,790,000	\$157,312,495	\$1,890,460,822	\$5,257,557,543
2018	\$829,180,000	\$635,910,000	\$2,059,140,000	\$7,998,140,000
2019	\$629,130,000	\$654,130,000	\$2,125,290,000	\$7,212,920,000

Source: PaymentAccuracy.gov

DEPARTMENT OF DEFENSE



2019 IMPROPER PAYMENTS: \$8.7 BILLION

2018 IMPROPER PAYMENTS: \$1.2 BILLION

IDENTIFIED FOR RECOVERY EFFORTS (2019): \$465.7 MILLION

RECAPTURED: \$1.21 BILLION

RECAPTURE RATE: 261%

Mission: “Provides the military forces needed to deter war and ensure our nation’s security.”

The Pentagon improperly paid out \$8.7 billion for program spending on civilian, military, retirement and travel pay; health benefits; payments to vendors; and more.

Mistaken payments to vendors amounted to nearly \$7.5 billion in 2019. Congress has questioned financial controls at the Pentagon for years.



Independent auditors **flunked** the Pentagon in 2018 and 2019 on their first ever set of audits. The 2019 audit covered more than \$2.9 trillion in total assets and \$2.8 trillion in liabilities. About 1,400 auditors visited 600 sites around the world and requested more than 100,000 samples of equipment to survey the department’s inventory. The audit costs around \$1 billion each year.

The Pentagon’s “use-it-or-lose-it” spending spree during the last month of the fiscal year dwarfed all other agencies. The Pentagon procured contracts amounting to \$57.5 billion in the final 30 days of 2019. Purchased items included \$1 million on Professional Bull Riders (PBR) sponsorships; \$10,000 on a club leather chair; and \$4.6 million on lobster tail and snow crab.

DEPARTMENT OF DEFENSE IMPROPER PAYMENTS

YEAR	TRAVEL PAY	MILITARY HEALTH BENEFITS	MILITARY PAY	MILITARY RETIREMENT
2015	\$521,470,000	\$157,670,000	\$242,900,000	\$20,800,000
2016	\$451,990,000	\$146,100,000	\$196,226,161	\$9,460,000
2017	\$263,340,000	\$150,170,000	\$182,506,696	\$127,570,000
2018	\$356,320,000	\$91,240,000	\$305,760,000	\$314,440,000
2019	\$366,490,000	\$411,450,000	\$7,450,261,371	\$287,370,000

Source: PaymentAccuracy.gov



SOCIAL SECURITY ADMINISTRATION

2019 IMPROPER PAYMENTS: \$8.2 BILLION
2018 IMPROPER PAYMENTS: \$10.9 BILLION

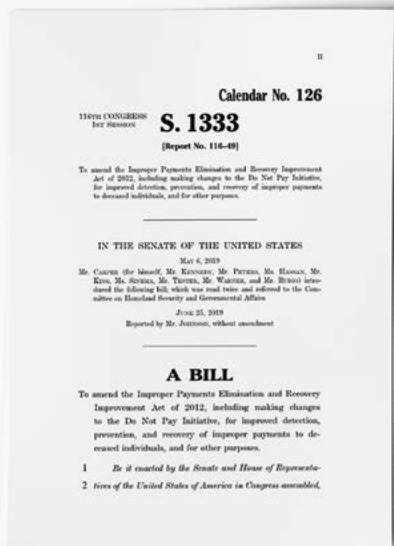
IDENTIFIED FOR RECOVERY EFFORTS (2019): \$24.9 BILLION
RECAPTURED: \$4.1 BILLION
RECAPTURE RATE: 16.4%

Mission: “Supporting our [SSA] customers by delivering financial support, providing superior customer service, and ensuring the safety and security of your information – helping you secure today and tomorrow.”

In 2019, Social Security recipients received \$8.2 billion in improper payments – with overpayments amounting to \$6.9 billion.

How does this happen? Consider the following example:

Six million [active](#) Social Security numbers belong to people aged 112 and older. Here’s the problem: there are only 40 people in the entire world aged 112 and over.



LEGISLATION S.1333 Stopping Improper Payments to Deceased People Act

A [bi-partisan bill](#) co-sponsored by U.S. Sens. Kennedy (R-LA) and Carper (D-DE) would stop improper payments to dead people. The bill relied on data compiled the inspector general reports and in our federal improper payments investigation published in Forbes. We found nearly \$1 billion in annual payments to people who are deceased.

From the Social Security [website](#):

“We take seriously our responsibility to reduce instances of improper payments. In fact, curbing improper payments is one objective in our current strategic goal to preserve the public's trust in our programs.

We consider payments improper if they result from:

- Our mistake in computing the payment;
- Our failure to obtain or act on available information affecting the payment;
- A beneficiary's failure to report an event; or
- A beneficiary's incorrect report."



Social Security conducts audits to protect taxpayer dollars: continuing disability reviews (CDR) to determine if a beneficiary remains eligible, as well as Supplemental Security Income redeterminations to re-evaluate any nonmedical factors that would affect eligibility or the payment amount.

In FY 2019, the agency completed approximately 713,000 full medical CDRs and approximately 2.67 million redeterminations. In addition, they completed approximately 310,700 work CDRs in FY 2019.

SOCIAL SECURITY ADMINISTRATION IMPROPER PAYMENTS

YEAR	SUPPLEMENTAL SECURITY INCOME	OLD-AGE, SURVIVORS, AND DISABILITY INSURANCE
2015	\$4,764,740,000	\$5,038,190,000
2016	\$4,201,490,000	\$3,672,160,000
2017	\$5,019,940,000	\$2,578,390,000
2018	\$4,757,440,000	\$6,157,820,000
2019	\$5,528,770,000	\$2,651,270,000

Source: PaymentAccuracy.gov

DEPARTMENT OF AGRICULTURE

2019 IMPROPER PAYMENTS: \$6.8 BILLION
2018 IMPROPER PAYMENTS: \$6.1 BILLION



IDENTIFIED FOR RECOVERY EFFORTS (2019): \$610 MILLION
RECAPTURED: \$584.1MILLION
RECAPTURE RATE: 95.6%



Mission: “Provide leadership on food, agriculture, natural resources, rural development, nutrition, and related issues based on public policy, the best available science, and effective management.”

\$6.8 billion in improper payments flowed from the Department of Agriculture. The programs with the most errors included the Supplemental Nutrition Assistance Program (SNAP), the national school lunch and breakfast programs, and farm subsidy and insurance programs.

A USDA spokesperson in 2017 was quoted in an agency press release:

“The majority of improper payments are due to human errors.”

DEPARTMENT OF AGRICULTURE IMPROPER PAYMENTS

YEAR	AG RISK AND PRICE LOSS PROGRAM	SCHOOL BREAKFAST PROGRAM	FEDERAL CROP INSURANCE CORPORATION	SUPPLEMENTAL NUTRITION ASSISTANCE PROGRAM	SCHOOL LUNCH PROGRAM
2015	NO DATA	\$875,000,000	\$302,150,000	\$2,562,810,000	\$1,773,000,000
2016	NO DATA	\$890,170,000	\$232,370,000	NO DATA	\$1,819,740,000
2017	NO DATA	\$958,360,000	\$179,770,000	NO DATA	\$1,875,490,000
2018	NO DATA	\$469,310,000	\$184,160,000	\$4,007,770,000	\$1,155,400,000
2019	\$612,000,000	\$461,420,000	\$282,450,000	\$4,021,710,000	\$1,142,410,000

Source: PaymentAccuracy.gov

DEPARTMENT OF LABOR



2019 IMPROPER PAYMENTS: \$2.9 BILLION

2018 IMPROPER PAYMENTS: \$3.8 BILLION

IDENTIFIED FOR RECOVERY EFFORTS (2019): NONE DISCLOSED

RECAPTURED: N/A

RECAPTURE RATE: N/A

Mission: “Foster, promote, and develop the welfare of the wage earners, job seekers, and retirees of the United States; improve working conditions; advance opportunities for profitable employment and assure work-related benefits and rights.”

Unemployment insurance recipients received \$3.6 billion in overpayments administered by the states through the Department of Labor.

Labor Department statement:

“The Department of Labor has been aggressively working with states to address unemployment insurance improper payments, providing intensive oversight and technical assistance to states with the highest improper payment rates and providing tools and resources to help all states better prevent, detect, and recover improper payments.”

DEPARTMENT OF LABOR IMPROPER PAYMENTS		
YEAR	FEDERAL EMPLOYEES' COMPENSATION ACT	UNEMPLOYMENT INSURANCE
2015	\$85,730,000	\$3,530,160,000
2016	\$106,320,000	\$3,788,090,000
2017	\$57,190,000	\$4,065,920,000
2018	\$74,370,000	\$3,743,470,000
2019	\$73,560,000	\$2,855,150,000

Source: PaymentAccuracy.gov

DEPARTMENT OF EDUCATION



2019 IMPROPER PAYMENTS: \$1.1 BILLION

2018 IMPROPER PAYMENTS: \$6 BILLION

IDENTIFIED FOR RECOVERY EFFORTS (2019): \$220.5 MILLION

RECAPTURED: \$58.7 MILLION

RECAPTURE RATE: 26.6%

Mission: “Promote student achievement and preparation for global competitiveness by fostering educational excellence and ensuring equal access.”

College students received \$1.1 billion in improper payments through Pell Grants and student loan programs. Approximately 2.2 percent of all Pell Grants and a half percent of all student loans were improperly paid.

Secretary Betsy DeVos gave us this comment regarding improper payments in 2019:

“Improper payments are also of deep concern to the Secretary and she has been actively working with Congress on legislative fixes that could help prevent them.”

While ED made great progress during fiscal year 2019, there is still much work to do. Consider this response from the agency:

“Pell Grant and Direct Loan ‘Improper Payments due to Insufficient Documentation to Determine’ include overpayments and underpayments where the exact amount of the overpayment or underpayment is unknown due to lack of supporting documentation maintained by third parties. In these cases, the full disbursement amount is reported as ‘Improper Payments due to Insufficient Documentation to Determine.’”

DEPARTMENT OF EDUCATION IMPROPER PAYMENTS			
YEAR	PELL GRANT	DIRECT LOAN	TITLE I
2015	\$562,290,000	\$1,284,030,000	\$19,950,000
2016	\$2,212,800,000	\$3,867,870,000	-
2017	\$2,209,700,000	\$3,863,270,000	-
2018	\$2,302,360,000	\$3,752,890,000	-
2019	\$646,140,000	\$483,140,000	-

Source: PaymentAccuracy.gov

SMALL BUSINESS ADMINISTRATION

2019 IMPROPER PAYMENTS: \$522.3 MILLION

2018 IMPROPER PAYMENTS: \$936.3 MILLION

IDENTIFIED FOR RECOVERY EFFORTS (2019): \$6.7 MILLION

RECAPTURED: \$3.82 MILLION

RECAPTURE RATE: 57.3%



U.S. Small Business
Administration

Mission: “Help small business owners and entrepreneurs pursue the American dream. The SBA is the only cabinet-level federal agency fully dedicated to small business and provides counseling, capital, and contracting expertise as the nation’s only go-to resource and voice for small businesses.”

The SBA admitted to \$522.3 million in improperly paid “over payments” just last year. The agency cited its “inability to authenticate [borrower] eligibility,” and “administrative or process errors made by the agency.”

Six-percent of disaster loans in 2019 were improper. On the SBA core lending, 3.6-percent of 7(a) loans for \$359 million were subject to error.

And those are just the payments that the agency admits to. Here are some examples of payments from our oversight that the SBA considers proper lending:

Wall Street Bankers: A significant portion of SBA lending didn’t go to Main Street; it went to Wall Street. In fact, \$12.2 billion in lending flowed to highly capitalized venture capital, mezzanine finance firms, private investor funds and investment pools (FY2014-FY2019). That’s not small business.

Country Clubs: Since FY2007, our auditors found more than \$280 million in lending to private country clubs, beach clubs, swim clubs, tennis clubs and yacht clubs across America. In the past five years, \$120 million flowed to these exclusive clubs.

SMALL BUSINESS ADMINISTRATION IMPROPER PAYMENTS

YEAR	DISBURSEMENTS FOR GOODS & SERVICES	7(A) GUARANTY APPROVALS	DISASTER LOAN DISBURSEMENTS
2015	\$14,260,000	\$848,080,000	\$24,570,000
2016	\$11,640,000	\$166,770,000	\$18,360,000
2017	\$5,490,000	\$233,870,000	\$123,380,000
2018	\$2,260,000	\$519,400,000	\$3,080,230,000
2019	-	\$358,650,000	\$103,060,000

Source: PaymentAccuracy.gov



Photo by Mark Levine

OFFICE OF PERSONNEL MANAGEMENT (OPM)

2019 IMPROPER PAYMENTS: \$339.4 MILLION

2018 IMPROPER PAYMENTS: \$355.5 MILLION

IDENTIFIED FOR RECOVERY EFFORTS (2019): \$263.5 MILLION*

RECAPTURED: \$491.22 MILLION*

RECAPTURE RATE: 186.4%*

**These are the disclosed numbers from the Office of Personnel Management.*



Mission: “Chief human resources agency and personnel policy manager for the Federal Government. OPM provides human resources leadership and support to Federal agencies and helps the Federal workforce achieve their aspirations as they serve the American people.”

OPM is tasked with administering benefit plans for federal employees and retirees. Nearly all of OPM’s \$339.4 million in improper payments were derived from the Federal Employ Health Benefits and Retirement programs.

Unfortunately, annuity payments to retired Members of Congress and federal bureaucrats are not subject to the Freedom of Information Act. Therefore, \$284.4 million in improper payments to retirees were shielded from citizen oversight, last year.

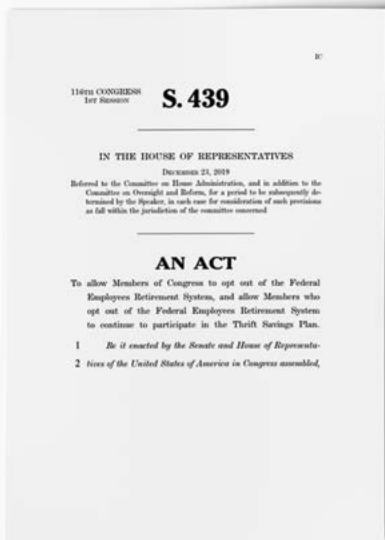
TWO BILLS IN CONGRESS WOULD HELP BRING NEEDED TRANSPARENCY:



LEGISLATION H.R. 2612 Federal Employee Disclosure Transparency Act

Moody’s estimates that the unfunded federal pension liability is \$3.5 trillion. Yet, pension data is not subject to the Freedom of Information Act (FOIA). Furthermore, in FY2018, there were one million federal bureaucrats who received a “performance bonus.” Yet, none of those bonuses were disclosed.

Therefore, we worked closely with U.S. Rep. Jody Hice (R-GA) and Freedom Works, Washington D.C., to introduce [this bill](#) designed to open the books on federal pensions and reveal how \$1.1 billion was spent on one million performance bonuses.



LEGISLATION S.439 Members of Congress Pension Opt Out Clarification Act

Sponsored by U.S. Senator Mike Braun (R-IN) [the bill](#) has already passed the Senate.

OFFICE OF PERSONNEL MANAGEMENT IMPROPER PAYMENTS		
YEAR	FEDERAL EMPLOYEES HEALTH BENEFITS	RETIREMENT PROGRAM
2015	\$68,430,000	\$304,200,000
2016	\$97,050,000	\$304,210,000
2017	\$27,620,000	\$313,810,000
2018	\$71,440,000	\$284,080,000
2019	\$54,940,000	\$284,420,000

Source: PaymentAccuracy.gov



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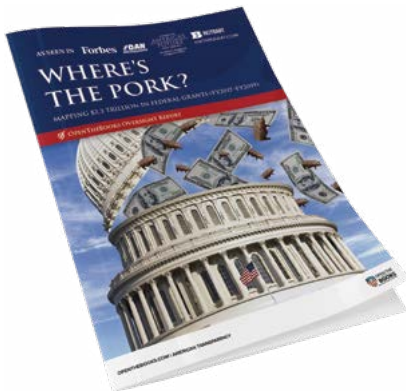
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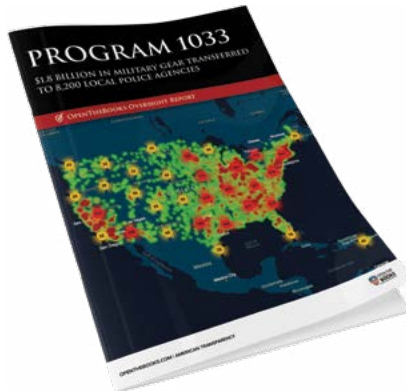
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WHERE'S THE PORK?
Mapping \$2.3 Trillion in Federal Grants (FY2017–FY2019)



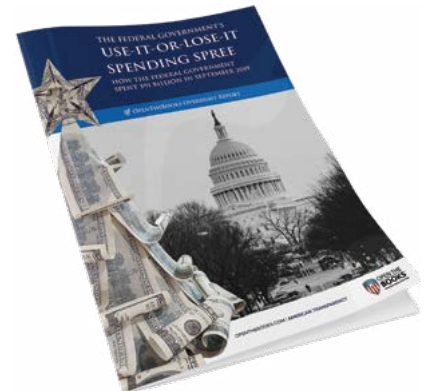
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PROGRAM 1033:
\$1.8 Billion In Military Gear Transferred To 8,200 Local Police Agencies



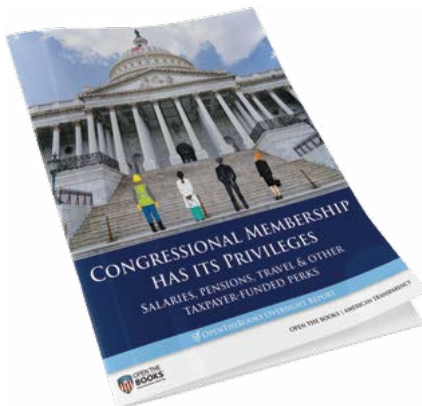
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THE FEDERAL GOVERNMENT'S USE-IT-OR-LOSE-IT SPENDING SPREE



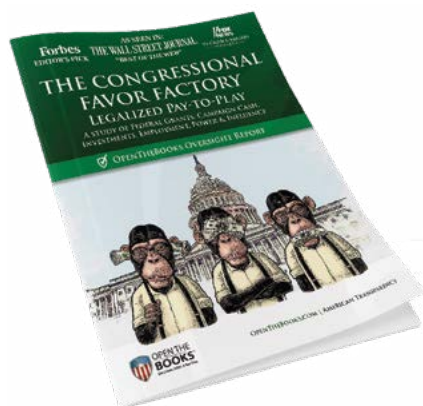
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ABOUT AMERICAN TRANSPARENCY

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We are the world's largest private database of public-sector expenditures. Captured 5 billion individual public expenditures including all disclosed federal spending since 2001; 49 of 50 state checkbooks; and 23 million public employee salary and pension records from 50,000 public bodies across America.

Our aggressive transparency and forensic auditing has led to the assembly of grand juries, indictments, and successful prosecutions; congressional briefings, hearings, audits, subpoenas, and legislation; administrative and White House policy changes; and much more.

OUR WORKS HAVE BEEN FEATURED ON:



and many others.

In 2020...

The President's Budget To Congress FY2021 included a first-ever chapter, "Stopping Wasteful and Unnecessary Spending," which was inspired by our oversight report, *Where's The Pork? A Study of \$600 Billion In Federal Grants*. Media coverage included *USA Today*, *The Wall Street Journal*, and *FOX News*. Included in the President's Budget was our report, *Use-It-Or-Lose-It – How The Federal Government Spent \$97 Billion In September 2018*. The President committed to stopping this wasteful phenomenon. Also, the budget cited our report on the National Endowment of the Arts as the principle reason to eliminate the agency.

In 2019...

Our *Top 82 U.S. Non-Profit Hospitals: Quantifying Government Payments & Financial Assets* report launched on *FOX News' Tucker Carlson Tonight* and *USA TODAY*. This report backstopped President Trump's two executive orders on healthcare price transparency by showing that wealthy charitable non-profit healthcare providers and their CEO's were making big profits. Colorado Governor Jared Polis (D) also cited this data in his state of the state address while arguing for price reforms.

In 2018...

Open The Books' *Mapping The Swamp, A Study Of The Administrative State* Media report launched on *FOX News' Laura Ingraham Show* and directly led to Representative Judy Hice's (R-GA) legislation on pension and bonus transparency (H.R. 2612). Furthermore, we briefed the Executive Office of the President, Office of Management & Budget regarding our policy ideas to drain the swamp.

In 2017...

The Tax Cuts And Jobs Act 2017, passed into law and included a claw-back tax on Ivy League-style, excessive university endowments. The *Boston Globe* cited our *Ivy League, Inc.* oversight report as a catalyst for the legislative provision.

In 2016...

We exposed the \$20 million luxury-art procurement program at the Department of Veterans Affairs, which forced a public apology from the V.A. Secretary and the adoption of new rules to stop the abuse.



IN RECOGNITION OF OUR TEAM:

Adam Andrzejewski

Chief Executive
Officer & Founder,
authored this report.

Craig Mijares

Chief Operating
Officer, assembled and
organized datasets.

Madalen Strumpf

Oversight Manager

Matthew Tyrmand
Deputy Director at Large

Courtenay Lyons
Development Director

Sejzelle Erastus-Obilo,
Graphic Designer
& Media Associate,
designed the report.



