

## HOW CONGRESS CAN HELP THE ANTI-FRAUD TASK FORCE

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**TOPLINE:** Fraud reduction is a top priority of the Trump Administration. With the recently announced anti-fraud Task Force led by V.P. Vance, Congress must do its part to ensure that fraud reduction is permanent and not a flash in the pan. This report lays out what Congress must do to statutorily limit fraud. Federal transfer payments amount to \$33,200 per household and improper payments total almost \$1,400 per household. This is simply unsustainable. **Congress must impose “fix it or fund it yourself” accountability on state administrators.**

**BACKGROUND:** The recent fraud uncovered in Minnesota is just the tip of the iceberg. The federally funded, state administered system is fraught with perverse incentives to overspend, under-verify, and waste taxpayer dollars.

### Improper Payments are Massive and Understated:

- Last year, the federal government reported **\$184 billion in improper payments**—that is **\$1,400 or eight weeks of gas and groceries** for the average household.
- Actual improper payments are much higher as not all programs are audited, and many improper payments go unchecked. In fact, **Medicaid's improper payments may have been \$541 billion more than reported** over the past decade.
- GAO estimates that **fraud costs the federal government up to \$521 billion** annually.

### States Are Not Encouraged to be Good Stewards of Taxpayer Dollars:

- Detached from the costs, shielded from consequences, and rewarded for increasing spending rather than safeguarding taxpayers' dollars, it is no surprise that federal grants to the states invite fraud, errors, and abuse.
- Despite laws meant to improve integrity, improper payments have only increased.
- The One Big Beautiful Bill significantly limits Medicaid and Food Stamp errors.

### Congress Should Impose Real Accountability:

- The federal government should cap improper payments in discretionary programs and require states to pay for their excess errors.
- In mandatory programs, lawmakers should eliminate lax eligibility provisions that invite abuse and make federal funding conditional on states paying for their errors.

### To Combat Fraud, Congress Must Shift Welfare Financing to the States:

- The federal government has 10x as much debt as state and local governments.
- Federal funding does more to reward bad state policies than to distribute based on need.

**BOTTOMLINE:** States must have skin in the game. If states bear the fiscal consequences of payment errors, accountability will; improve and federal taxpayers will no longer pay for poor policy and waste.

