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House of Representatives
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Opening Statement
Ranking Member Brian Bilbray
Subcommittee on Government Management, Organization, and Procurement
Hearing on “Oversight of Federal Financial Management”
June 18, 2009

Madam Chairwoman, thank you for calling today’s hearing on oversight of federal financial management and the U.S. Government’s Consolidated Financial Statement.

I am troubled by the state of the federal government’s financial reporting. For the 12th year in a row, GAO was unable to express an opinion for the U.S. Government’s financial statements. The financial accounting performance throughout the federal government, while improving, remains unacceptable. Once again the federal government lags behind the private sector in basic accounting standards. Could you imagine the state of a private company if it couldn’t pass a basic audit for 12 consecutive years?

I want to thank the GAO for its quality work in conducting the audit, and I appreciate Acting Comptroller General Dodaro’s appearance before the subcommittee today.

I look forward to Mr. Dodaro’s testimony regarding the short-term and long-term fiscal challenges facing the United States. Even before the Obama Administration’s massive fiscal blow-out, the federal government was already on an unsustainable fiscal path. U.S. “social insurance” programs such as Social Security, Medicare and Medicaid were already well on their way to insolvency prior to the Bush and Obama Administration’s irresponsible response to the financial crisis. According to GAO’s Statement of Social Insurance, these programs’ liabilities already exceeded assets by about \$43 trillion in present value terms over the next 75 years.

Despite this troubling reality, the Bush and Obama Administrations’ chosen response to the financial crisis of 2008 was to dramatically increase federal liabilities in an attempt to bailout, stimulate and borrow the U.S. economy out of trouble. According to GAO, between September 30, 2008 and June 12, 2009, the federal government’s debt held by the public increased by over \$1 trillion. The fiscal consequences of these choices have a direct and negative effect on the long-term fiscal solvency of the United States.

I also look forward to hearing Mr. Dodaro's testimony regarding a troubling source of waste, fraud, and abuse throughout government – improper payments. According to GAO, the federal government made at least \$72 billion in “improper payments” to federal agencies and programs in fiscal year 2008 alone. Medicare and Medicaid alone comprise 50% of government-wide improper payments in fiscal year 2008, including \$10.4 billion in Medicare Fee-for-Service and \$6.8 billion in Medicare Advantage. Astonishingly, Medicaid made FY08 improper payments totaling \$18.6 billion, meaning that for every dollar of Medicaid expenditures made by the federal government, 10.5 cents were paid in error.

Improper payments thus represent a major example of waste, fraud and abuse caused directly by material weaknesses in federal agencies' internal controls. I look forward to hearing Mr. Dodaro's recommendations for ways to reduce improper payments throughout government.

I also want to thank Richard Gregg from the Department of Treasury, Peggy Sherry from the Department of Homeland Security, and Ronald Spoehel from NASA for being here today. I look forward to their testimony.

Finally, I appreciate my colleague Congressman Cuellar's appearance here today. I look forward to his comments on H.R. 2142, The Government Efficiency, Effectiveness and Performance Improvement Act of 2009.