

# **Combating Waste, Fraud, and Abuse in SNAP**

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My name is Rachel Greszler. I am a senior research fellow in workforce and economics at Advancing American Freedom. The views I express in this testimony are my own and should not be construed as representing any official position of Advancing American Freedom.

In my testimony today, I will briefly review improper payments, examine recent trends in the SNAP program, and propose four ways that policymakers can reduce waste, fraud, and abuse by requiring radical transparency and meaningful accountability for taxpayers' dollars.

## **Improper Payments are Enormous**

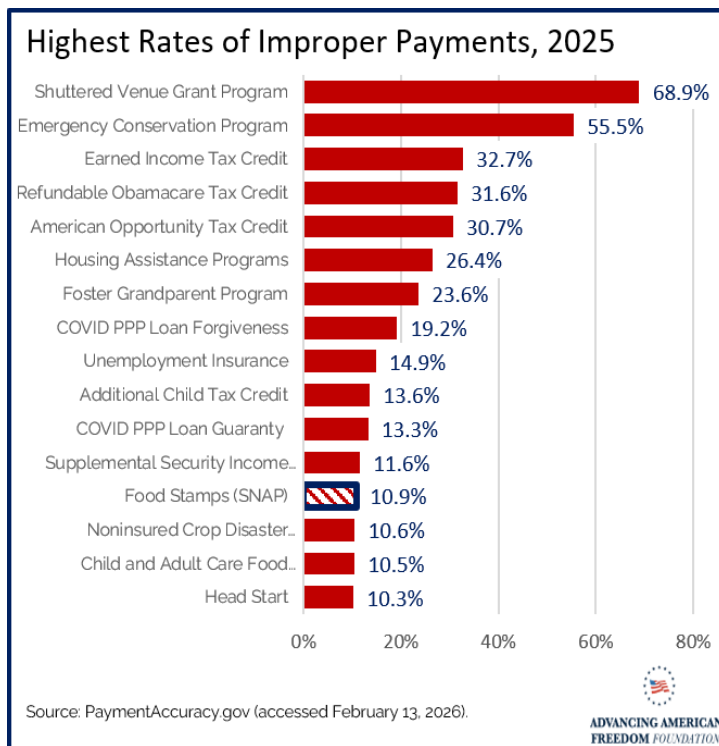
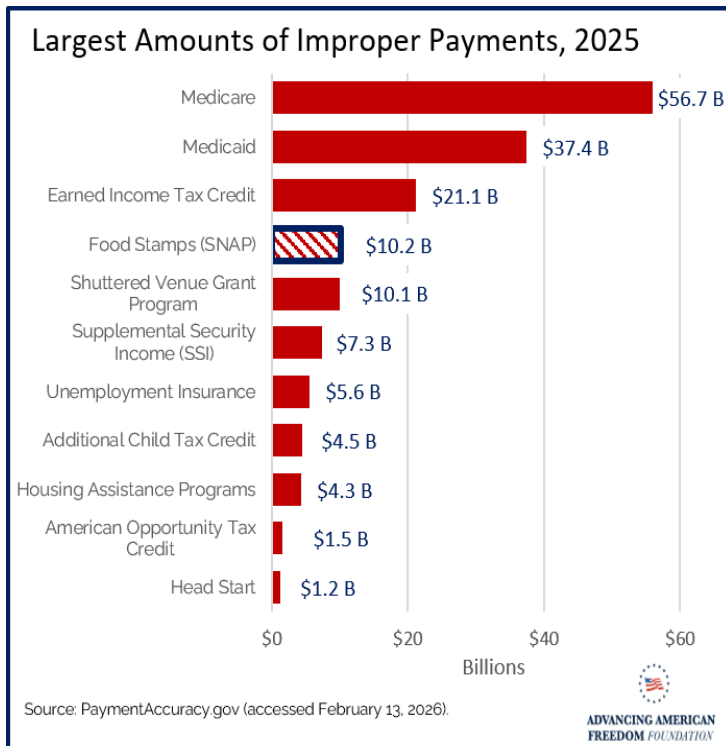
According to its own measures, the federal government issued \$184 billion in improper payments in 2025.<sup>1</sup> At about \$1,400 per household, this equals more than the average household spends on gas and groceries over eight weeks.<sup>2</sup> Such high levels of improper payments stem from the sheer magnitude of government transfers—totaling \$4.2 trillion in 2025, or the equivalent of \$31,400 per household—and a blatant lack of accountability. Instead of being penalized, programs with high improper payment rates are typically rewarded with bigger budgets.

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<sup>1</sup> PaymentAccuracy.gov. (accessed February 13, 2026). All improper payments included in this report equal “improper and unknown” payments and rates as reported on PaymentAccuracy.gov, minus all Department of War wage and travel compensation payments. These payments are netted out for consistency as no other departments report improper payments related to employee compensation or travel expenses.

<sup>2</sup> BLS, “Consumer Expenditures, 2024,” December 19, 2025, <https://www.bls.gov/news.release/pdf/cesan.pdf> (accessed February 23, 2026).

Improper payments waste taxpayer dollars and threaten the ongoing viability of programs for those who need them. For example, some very large federal programs—like the Earned Income Tax Credit (EITC)—regularly spend up to \$1 out of every \$3 dollars on improper payments. The Supplemental Nutrition Assistance Program’s (SNAP) \$10.2 billion in reported improper payments is enough to cover annual grocery costs for 1.6 million households, and \$97 billion in government health insurance programs’ improper payments is enough to provide health insurance to 3.6 million families or 10.4 million individuals.<sup>3</sup>



## Improper Payments Are Undercounted and Exclude Most Fraud and Abuse

What the government reports in improper payments is almost certainly a significant understatement. The federal government only tracks improper payments in some of its programs, and in those it tracks, it misses many improper payments. For example, Brian Blase and I estimated that if the Biden and Obama Administrations had not excluded eligibility checks from states’ Medicaid audits, auditors would have found two times the amount of improper Medicaid payments over the past decade—nearly \$1.1 trillion instead of the \$543 billion Medicaid reported.<sup>4</sup>

<sup>3</sup> Ibid, PaymentAccuracy.gov, and Kaiser Family Foundation, “2025 Employer Health Benefits Survey,” October 22, 2025, <https://www.kff.org/health-costs/2025-employer-health-benefits-survey/> (accessed February 23, 2026).

<sup>4</sup> Brian Blase and Rachel Greszler, “Medicaid’s True Improper Payments Double Those Reported,” Economic Policy Innovation Center and Paragon Health Institute, March 3, 2025, [https://epicforamerica.org/wp-content/uploads/2025/02/Medicoids\\_True\\_Improper\\_Payments\\_FOR-RELEASE\\_V3.pdf](https://epicforamerica.org/wp-content/uploads/2025/02/Medicoids_True_Improper_Payments_FOR-RELEASE_V3.pdf) (accessed January 29, 2026).

Since eligibility is the primary source of improper payments, failing to check eligibility can enable rampant fraud. The magnitude of fraud recently discovered in Minnesota and elsewhere shows just how little of all fraud is actually known. In the eight years between 2017 and 2024, the entire federal government reported just \$51.9 billion—an average of \$6.5 billion per year—in “known fraud” across the entire United States.<sup>5</sup> Yet, over the past year, federal prosecutors uncovered an alleged \$9 billion or more that may have been stolen from Minnesota-run Medicaid programs alone since 2018.<sup>6</sup>

Despite the government’s improper payment reports documenting less than \$7 billion per year in “known fraud,” the nonpartisan Government Accountability Office estimated that the federal government loses between \$233 billion and \$521 billion annually to fraud.<sup>7</sup> At the upper end, that is equivalent to nearly two months of housing payments for every household in America.<sup>8</sup>

### **Supplemental Nutrition Assistance Program**

The Supplemental Nutrition Assistance Program (SNAP)—also known as food stamps—is a federally funded and state-administered program that first began in 1964.<sup>9</sup> As a need-based welfare program, SNAP benefits should rise and fall with the poverty rate and unemployment rate, but both the number of SNAP recipients and the amount of SNAP spending have exploded since 2008. From 1974 to 2008, an average of 8.3 percent of the population was on SNAP and the poverty rate averaged 13.0 percent.<sup>10</sup> From 2008 to 2024, the percentage of the population on SNAP jumped to 12.8 percent even as the average poverty rate ticked down to 12.9 percent.<sup>11</sup>

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<sup>5</sup> PaymentAccuracy.gov (accessed January 31, 2025).

<sup>6</sup> Alyssa Chen and Michelle Griffith, “U.S. Attorney: Fraud likely exceeds \$9 billion in Minnesota-run Medicaid services,” Minnesota Reformer, December 18, 2025, <https://minnesotareformer.com/2025/12/18/u-s-attorney-fraud-likely-exceeds-9-billion-in-minnesota-run-medicaid-services/> (accessed February 17, 2026).

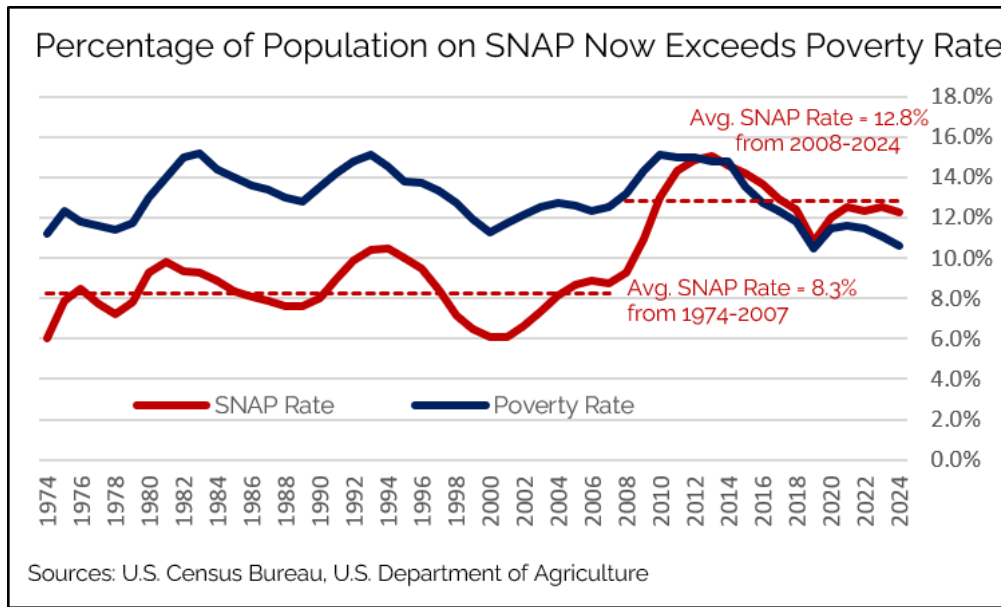
<sup>7</sup> GAO, “Fraud Risk Management: 2018-2022 Data Show Federal Government Loses an Estimated \$233 Billion to \$521 Billion Annually to Fraud, Based on Various Risk Environments,” GAO-24-105833, April 16, 2024, <https://www.gao.gov/products/gao-24-105833> (accessed February 25, 2026).

<sup>8</sup> BLS, “Consumer Expenditures, 2024.”

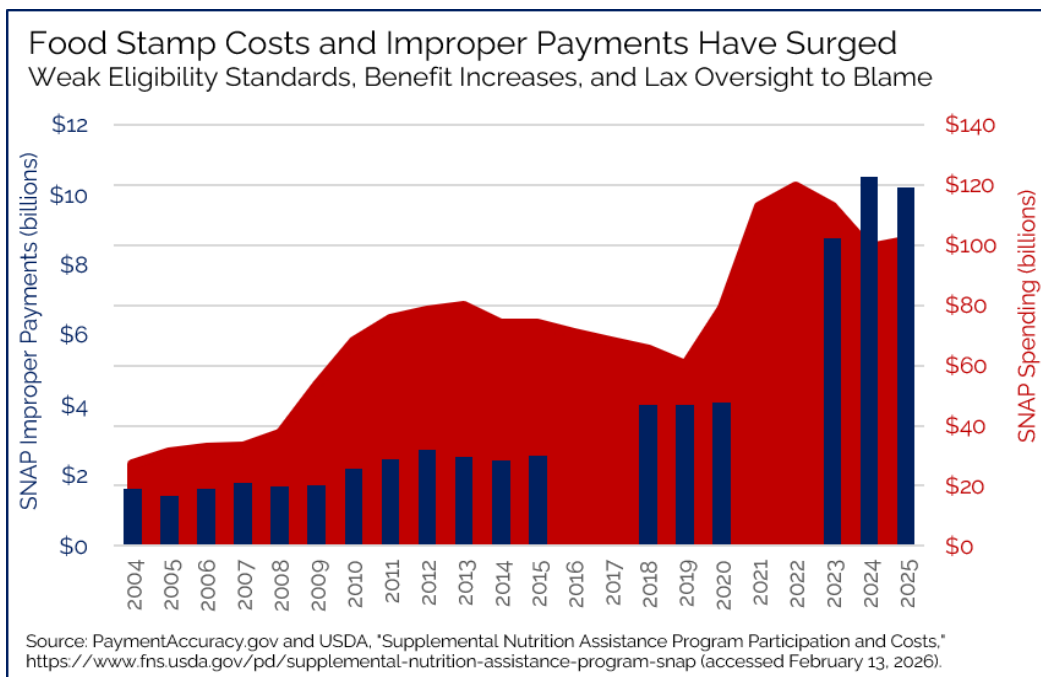
<sup>9</sup> While states do not fund the benefits, they pay 50 percent of SNAP administrative costs. In recent years, administrative costs have totaled \$6.6 billion, or about seven percent of SNAP benefits

<sup>10</sup> USDA, “Supplemental Nutrition Assistance Program Participation and Costs,” Food and Nutrition Administration, June 12, 2026, <https://fna-bwbufwdzbabpezgc.z01.azurefd.us/sites/default/files/resource-files/snap-annualsummary-6.pdf> (accessed June 22, 2026), and U.S. Census Bureau, “Table A-3. Poverty Status of People by Age, Race, and Hispanic Origin Using the Official Poverty Measure: 1959 to 2024,” <https://www.census.gov/library/publications/2025/demo/p60-287.html> (accessed June 15, 2026).

<sup>11</sup> Ibid.



The U.S. spent more on SNAP benefits in 2025 (\$102 billion) when the unemployment rate averaged 4.3 percent than it did in 2011 (\$68 billion) when the unemployment rate averaged 9.6 percent.<sup>12</sup> This rise in SNAP spending stems from increased benefit amounts, expanded interpretations of Broad-Based Categorical Eligibility (BBCE), and a roughly five-fold increase in improper payments.<sup>13</sup>

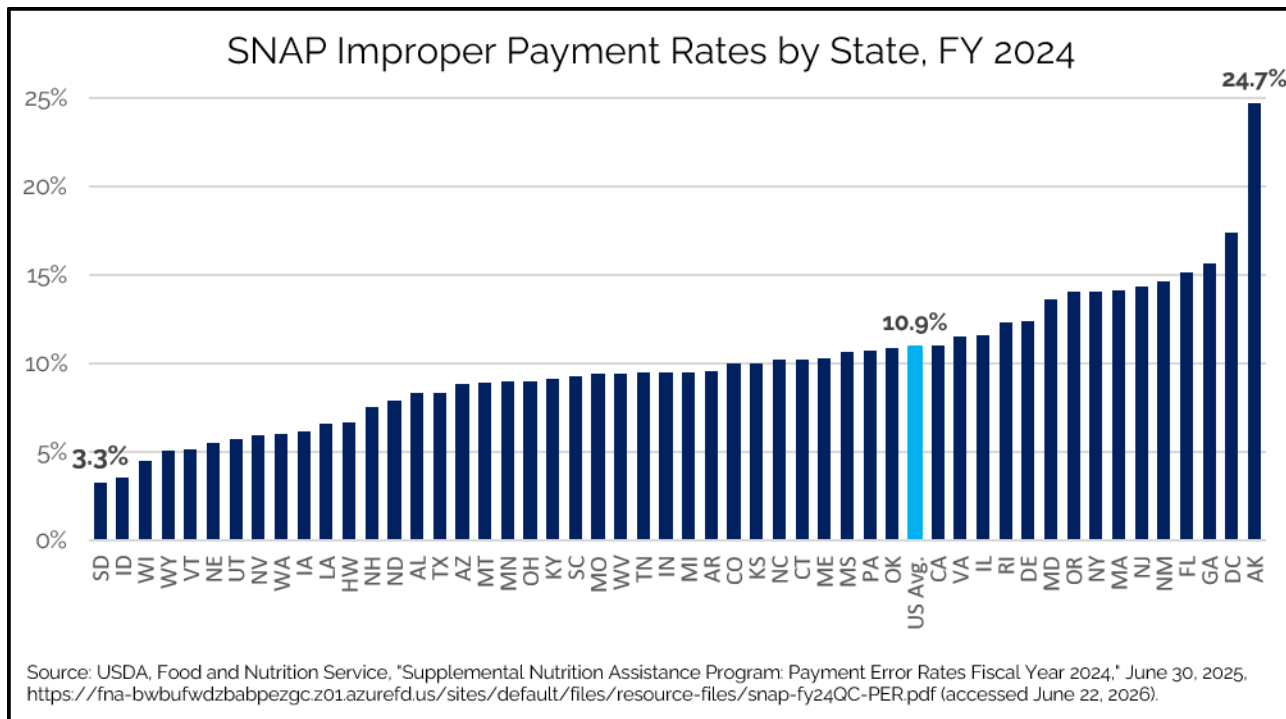


<sup>12</sup> BLS, "Unemployment Rate," <https://www.bls.gov/data/home.htm#employment> (accessed February 13, 2026), and USDA, "Supplemental Nutrition Assistance Program Participation and Cost," <https://fns-prod.azureedge.us/sites/default/files/resource-files/snap-annualsummary-1.pdf> (accessed February 13, 2026).

<sup>13</sup> PaymentAccuracy.gov.

Last year, the SNAP program’s improper payment rate was 10.9 percent. While data is missing for a handful of recent years (2016, 2017, 2021, and 2022), SNAP’s improper payment rate jumped from an average of 4.8 percent between 2004 and 2015 to 11.4 percent between 2023 and 2025.<sup>14</sup>

Improper payment rates in SNAP vary significantly by state, from a low of 3.3 percent in South Dakota to a high of 24.7 percent in Alaska in fiscal year 2024.<sup>15</sup>



The SNAP program’s measure of improper payments through its quality control system is arguably well-designed to assess the accuracy of eligibility and benefit levels. If followed correctly, the reviews include statistically significant samples, independent reviewers, household interviews, third-party verification (such as state or Social Security wage records), and a federal review of select state-level reviews. The problem, however, is that the quality control only measures if the households that received benefits were eligible for benefits, and if they received the correct benefit amount under SNAP rules. Notably, the quality control process limits or excludes reviews of individuals who qualify based on states’ expansions of SNAP eligibility (see section below on BBCE). The improper payments measure also does not include any of the fraud that occurs after SNAP benefits are delivered to households.

<sup>14</sup> PaymentAccuracy.gov.

<sup>15</sup> USDA, Food and Nutrition Service, "Supplemental Nutrition Assistance Program: Payment Error Rates Fiscal Year 2024," June 30, 2025, <https://fna-bwbufwdzbabpezgc.z01.azurefd.us/sites/default/files/resource-files/snap-fy24QC-PER.pdf> (accessed June 22, 2026).

## **Much of SNAP Fraud Occurs After Benefits Are Distributed**

While SNAP's improper payment rates based on eligibility and payment levels alone are already unacceptably high, much of the fraud that occurs in SNAP happens after benefits are distributed to households. The significant increase in SNAP spending despite relatively low poverty and unemployment rates appears to have incentivized increased fraud on multiple fronts. First, roughly \$95 billion in annual SNAP spending is a high-value target for criminals to steal SNAP benefits, such as by installing skimming devices on retailers' card readers. Second, when states use BBCE to extend benefits to households that are not in poverty, the value of SNAP benefits is reduced and recipients are more likely to engage in fraud, such as by exchanging SNAP benefits for a discounted cash payout or colluding with retailers to use SNAP benefits on ineligible products.

## **Trump Administration Is Combating Fraud, but Faces Resistance**

The Trump Administration has taken unprecedented steps to reduce waste and abuse in government programs, crack down on fraud, and provide unparalleled transparency.<sup>16</sup> Among many actions, this includes President Trump issuing Executive Order 14243, "Stopping Waste, Fraud, and Abuse by Eliminating Information Silos,"<sup>17</sup> and Executive Order 14395, "Establishing the Task Force to Eliminate Fraud."<sup>18</sup>

The Trump Administration's efforts also include notable steps by the United States Department of Agriculture (USDA) to investigate and prosecute fraud in the SNAP program.<sup>19</sup> In addition to going after fraudulent use of SNAP benefits, the USDA is also trying to prevent fraudulent receipt of SNAP benefits. This includes the USDA requesting information from states on SNAP recipients so that the federal government—which pays 100 percent of SNAP benefits—can conduct nationwide program integrity measures.<sup>20</sup> Such comprehensive reviews are necessary because, for example, state reviews cannot flag if an individual who claims benefits in their state has simultaneously claimed benefits in another state or in another 20 states.

To date, 21 states and the District of Columbia have resisted or challenged the USDA's request for information. The federal government should not fund programs that it cannot manage. If the courts

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<sup>16</sup>See, for example: DOGE HHS, "Today the HHS DOGE team open sourced the largest Medicaid dataset in department history..," X, February 13, 2026, [https://x.com/DOGE\\_HHS/status/2022370909211021376](https://x.com/DOGE_HHS/status/2022370909211021376) (accessed February 18, 2026); The White House, "Here's What the Trump Administration Is Doing to Crush Minnesota's Fraud Epidemic," January 2, 2026, <https://www.whitehouse.gov/articles/2026/01/heres-what-the-trump-administration-is-doingto-crush-minnesotas-fraud-epidemic/> (accessed February 18, 2026).

<sup>17</sup> Exec. Order No. 14243, "Stopping Waste, Fraud, and Abuse by Eliminating Information Silos," 90 FR 13861, March 20, 2025, <https://www.federalregister.gov/documents/2025/03/25/2025-05214/stopping-waste-fraud-and-abuse-by-eliminating-information-silos> (accessed June 21, 2026).

<sup>18</sup> Exec. Order No. 14395, "Establishing the Task Force To Eliminate Fraud," 91 FR 13485, March 16, 2026, <https://www.federalregister.gov/documents/2026/03/19/2026-05497/establishing-the-task-force-to-eliminate-fraud#page-> (accessed June 21, 2026).

<sup>19</sup> USDA Food and Nutrition Administration, "USDA and Ohio Team Up to Shut Down Snap Fraud," June 5, 2026, <https://www.fna.usda.gov/newsroom/fna-0002.26> (accessed June 21, 2026).

<sup>20</sup> USDA, "Secretary Rollins Requires States to Provide Records on SNAP Benefits, Ensure Lawful Use of Federal Funds," Press Release, May 6, 2025, <https://www.fna.usda.gov/newsroom/usda-0101.25> (accessed June 21, 2026).

rule that the states do not have to comply with requests that the Administration believes are necessary to protect the integrity of taxpayers' dollars, Congress should consider either devolving the SNAP program to the states or bringing SNAP administration within the USDA.

### **H.R. 1 Will Significantly Reduce Improper Payments in SNAP**

Imposing new accountability on SNAP payments was one of the great achievements of H.R. 1, the One Big Beautiful Bill. Beginning in 2028, states with improper payment rates or payment error rates over six percent will be required to pay between five percent and 15 percent of their SNAP benefits.<sup>21</sup> The Congressional Budget Office estimated that these improper payment cost-sharing provisions will save \$68.8 billion over 10 years.<sup>22</sup>

<b>Cost Sharing for SNAP Improper Payments</b>	
<b>Improper Payment Rate</b>	<b>State Share of SNAP Benefit Costs</b>
Under 6.0%	0%
6.0% - 7.99%	5%
8.0% - 9.99%	10%
10% and over	15%

To ensure the intent of this provision and to prevent states from undercounting their error rates, Congress and the Administration must require consistent and valid quality control estimates that include full eligibility checks of all sampled households, including those who qualify under BBCE.

H.R. 1's SNAP accountability provisions will go a long way to save taxpayer dollars and protect the integrity of the program. These measures—requiring states to pay for most or all of their improper payments—should be extended to other federal transfer programs.

### **How Congress Can Reduce Waste, Fraud, and Abuse in SNAP and Other Federal Programs**

At a basic level, reducing waste, fraud, and improper payments requires front-end verification and back-end accountability. That must begin with better accounting of federal benefits—tracking payments from beginning to end—and include consequences for irresponsible actions. State governments and other entities that receive and distribute federal funds must be accountable to the federal government, and the federal government must be accountable to the taxpayers whose money it takes.

The current Congress has introduced more than a dozen pieces of legislation that would all work towards reducing waste, fraud, and abuse in SNAP and other federal programs. Some of these proposals—the overwhelming majority of which have passed the House—include:

- H.R. 8028, the SNAP Fraud Reporting Act of 2026 (S.4716)

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<sup>21</sup> States with improper payment rates between 6.0 percent and 7.99 percent must pay for 5 percent of their SNAP benefits; states with payment error rates between 8.0 percent and 9.99 percent must pay 10 percent; and states with payment error rates of 10 percent or higher must pay for 15 percent of their SNAP benefits. Public Law 119-21 (2025), <https://www.congress.gov/bill/119th-congress/house-bill/1/text>.

<sup>22</sup> CBO, "Estimated Budgetary Effects of Public Law 119-21, to Provide for Reconciliation Pursuant to Title II of H. Con. Res. 14, Relative to CBO's January 2025 Baseline," July 21, 2025, <https://www.cbo.gov/publication/61570> (accessed June 18, 2026).

- H.R. 7567, the Farm, Food, and National Security Act of 2026
- H.R. 7658, the Enhanced Cybersecurity for SNAP Act
- H.R. 3887, the SNAP Anti-Theft and Victim Compensation Act of 2025
- H.R. 416, the No Welfare for the Wealthy Act of 2025\*\* (see Proposal 2 below)
- H.R. 762, the Snap Back Inaccurate SNAP Payments Act (S. 302)
- H.R. 8464, the Stopping Fraudulent Payments Act
- H.R. 8463, the Pre-Payment Fraud Prevention and Treasury Data Access Act
- H.R. 8312, the Fraud Prevention and Accountability Act
- H.R. 8467, the Zeroing Out Monetary Benefits Improperly Expended Act
- H.R. 8107, the Government Audit and Accountability of Federally Funded State-Administered Programs Act of 2025
- H.R. 6916, Program Integrity and Fraud Prevention Act of 2025
- H.R. 428, the Bonuses for Cost-Cutters and Fraud Preventers Act
- H.R. 1755, the Timely and Accurate Benefits Act of 2025
- H.R. 8872, the Preventing Waste, Fraud, and Abuse in TANF Act

Many of these proposals are in line with four major reforms that I propose:

### **1. Follow the Money: Account for Federal Payments as Thoroughly as Taxes Collected**

The first step in preventing fraud is understanding how it happens, which requires the federal government to be able to follow the money it spends as closely as it follows the money it collects. In 2025, the federal government collected \$4.4 trillion in income and payroll taxes and distributed \$4.2 trillion in federal transfer payments. While the IRS requires taxpayers to account for every dollar they earn, not nearly enough accountability is required when the federal government redistributes over \$4 trillion of the taxes it collects as transfer payments to others. The enormity of federal transfer payments combined with little accountability makes federal taxpayer dollars a high-value target for fraud, waste, and abuse.

The nonpartisan Government Accountability Office estimated that the federal government loses between \$233 billion and \$521 billion annually to fraud.<sup>23</sup> Yet the federal government *reported* an average of just \$6.5 billion annually in “known fraud” over the past eight years.<sup>24</sup> Until the federal government knows where the money it spends goes, it cannot reduce fraud and improper payments.

As a first step, Congress should require the same level of reporting and auditing of tax-takers as it does of taxpayers. This would include creating two new 1099 categories for safety net benefit recipients and providers. The provider, or distributor, of the federal funds would receive a 1099-P from the federal government (or subsequently from the state government or other intermediary)

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<sup>23</sup> GAO, “Fraud Risk Management: 2018-2022 Data Show Federal Government Loses an Estimated \$233 Billion to \$521 Billion Annually to Fraud, Based on Various Risk Environments,” GAO-24-105833, April 16, 2024, <https://www.gao.gov/products/gao-24-105833> (accessed June 21, 2026).

<sup>24</sup> PaymentAccuracy.gov.

and would be responsible for sending recipients an annual summary of benefits on a 1099-BR form. Every benefit recipient and provider would be required to file their taxes with the forms, which should provide a nearly complete accounting of federal safety net funds.

Once a proper accounting of payments is established, Congress can consider penalties for providers' failure to properly report and disburse the taxpayer dollars they receive, similar to the penalties that apply to taxpayers who fail to properly report and pay taxes on the income they earn.

## **2. Reduce Legal and Illegal Fraud by Ending Broad-Based Categorical Eligibility**

Broad-Based Categorical Eligibility (BBCE) allows states to deem households eligible for food stamps based on the receipt of a nominal Temporary Assistance for Needy Families (TANF) benefit (such as a brochure or access to an 800 number).<sup>25</sup> Through this alternative eligibility process, states can eliminate the federal asset test or set their own asset test, and they can increase the federal government's gross income limit from 130 percent of the poverty level to as much as 200 percent of the poverty level.

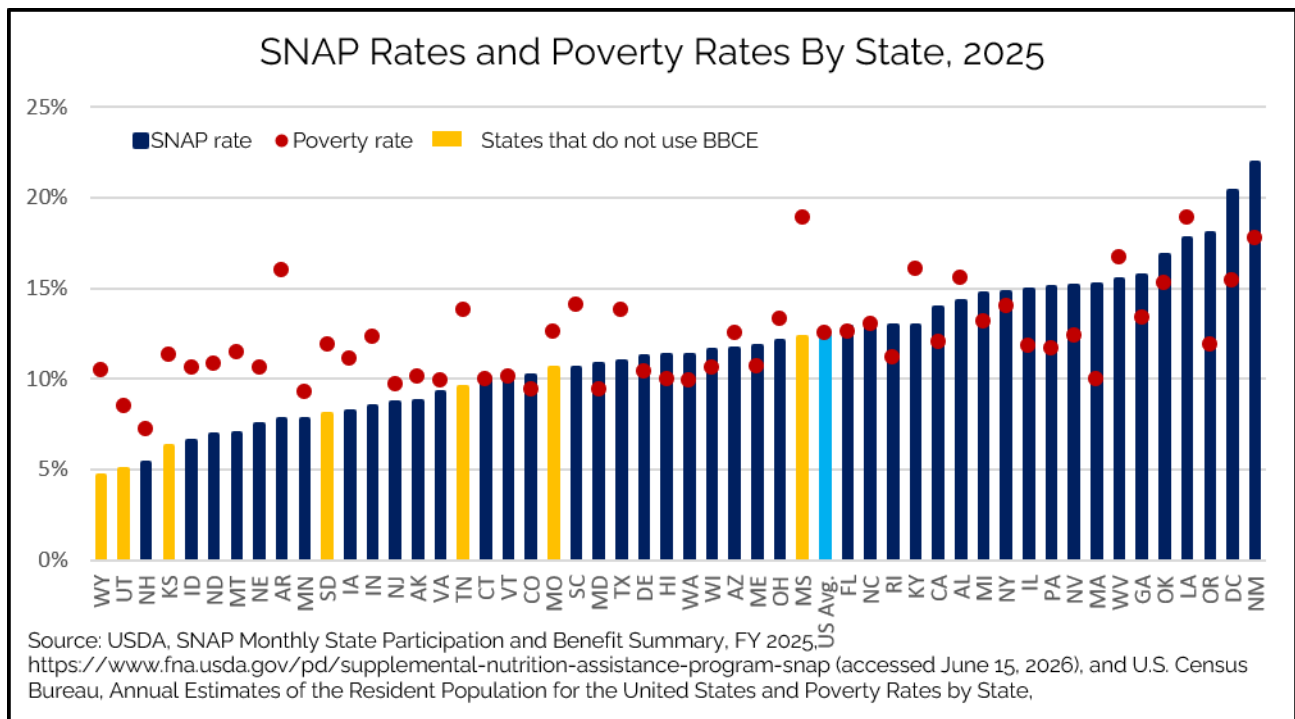
Currently, only seven states follow the federal government's SNAP eligibility standards: Kansas, Mississippi, Missouri, South Dakota, Tennessee, Utah, and Wyoming.<sup>26</sup> Another seven states use BBCE to eliminate or reduce asset tests while keeping the federal income limit, and the remaining 36 states plus the District of Columbia use BBCE to significantly increase income and asset eligibility standards.<sup>27</sup> The seven states that use federal eligibility standards have significantly lower rates of SNAP receipt—an average of 8.0 percent versus 12.3 percent nationwide—despite having the exact same average poverty rate.

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<sup>25</sup> BBCE regulations were permitted and encouraged through Clinton and Obama regulations. See: Matthew Dickerson, "Categorical Eligibility Allows Legalized Fraud," Economic Policy Innovation Center, February 5, 2026, <https://epicforamerica.org/federal-budget/categorical-eligibility-allows-legalized-food-stamp-fraud/> (accessed February 14, 2026).

<sup>26</sup> U.S. Department of Agriculture, "Broad-Based Categorical Eligibility (BBCE)," Food and Nutrition Administration, <https://www.fna.usda.gov/snap/broad-based-categorical-eligibility> (accessed June 21, 2026)

<sup>27</sup> U.S. Department of Agriculture, "Broad-Based Categorical Eligibility (BBCE)," Food and Nutrition Administration, <https://www.fna.usda.gov/snap/broad-based-categorical-eligibility> (accessed June 21, 2026)



According to a report by the U.S. Department of Agriculture, BBCE allowed 5.6 million individuals who were otherwise not eligible under federal standards to nonetheless receive food stamps.<sup>28</sup> A report by the Foundation for Government Accountability (FGA) estimated that eliminating BBCE would save federal taxpayers \$100 billion and state taxpayers an additional \$10 billion between 2026 and 2035.<sup>29</sup>

While BBCE has allowed millionaires and households with six-figure assets to *legally* qualify for food stamps that are counter to the law’s intent, BBCE also exacerbates illegal improper payments because it eliminates eligibility checks for many households.<sup>30</sup> The FGA estimated that states that use BBCE have one-third higher improper payment rates than those that do not, but that is only what the states measure and report.<sup>31</sup>

The USDA’s Office of the Inspector General found that BBCE causes states to significantly understate their improper payment rates because households that receive food stamps because of BBCE are not included in the quality control process used to determine improper payment rates.<sup>32</sup>

<sup>28</sup> U.S. Department of Agriculture, “Trends in USDA SNAP Participation Rates: FY 2020 and 2022”, Food and Nutrition Administration, December 29, 2025, <https://www.fns.usda.gov/research/snap/national-participation-rates/fy20and22> (accessed February 14, 2026).

<sup>29</sup> Michael Greibok, “Broad-Based Categorical Eligibility in Food Stamps is Fraud by Design and States Should Ban It,” December 12, 2025, <https://thefga.org/research/categorical-eligibility-in-food-stamps-is-fraud-by-design/> (accessed February 14, 2026).

<sup>30</sup> Matthew Dickerson, “Categorical Eligibility Allows Legalized Fraud.”

<sup>31</sup> Ibid.

<sup>32</sup> USDA, “FNS Quality Control Process for SNAP Error Rate,” Office of the Inspector General, September 2015, <https://usdaoig.oversight.gov/sites/default/files/reports/2025-09/27601-0002-41.pdf> (accessed February 14, 2026).

In other words, households that are most likely to have been issued improper payments due to BBCE are assumed to have zero improper payments.

The Trump Administration's USDA is reportedly working on a regulation that would limit BBCE to households receiving substantial cash TANF benefits, rather than allowing nominal non-cash benefits to trigger eligibility. This, as well as increasing the amount by which states can increase the income limit, would significantly reduce both technically improper payments as well as unintended, gratuitous payments to individuals not in need.

Better yet, Congress should eliminate BBCE for SNAP to protect and preserve the program for those who truly need it. The No Welfare for the Wealthy Act of 2025 (H.R. 416) would accomplish this by requiring households to meet the current federal income and asset standards for food stamps.<sup>33</sup>

### **3. Require Proper Measures of Improper Payments**

Many improper payment measurements fall short of and often massively underestimate true improper payments. The skin-in-the-game requirements imposed on the SNAP program in H.R. 1 could incentivize states to undercount improper payments to avoid penalties. Thus, Congress should specify that the Administration cannot direct agencies to change measurements in ways that compromise the integrity of the measures, such as the Obama and Biden Administrations directing Medicaid measures to ignore eligibility errors.

Where programs fail to measure improper payments at all, Congress should require them to do so. For example, H.R. 2242, the Eliminating Fraud and Improper Payments in TANF Act, would require states to measure improper payments and establish goals for reducing and eliminating fraud and improper payments in the TANF program.<sup>34</sup>

Moreover, where programs' current measures fail to adequately estimate true improper payment rates, Congress should require agencies to adopt scientifically rigorous methods. For example, limiting or fully excluding improper payment assessments of households who qualify for SNAP based on BBCE almost certainly results in an inaccurate and artificially low improper payment rate. Failure to check the accuracy of Medicaid payments made by Managed Care Organizations (MCOs) to providers results in similarly inaccurate and artificially low improper payment rates.<sup>35</sup>

If administrators of federal transfer programs fail to follow the federal government's requirements for measuring improper payment rates, or if they refuse to follow the federal government's program requirements—such as providing recipient information—they must face consequences.

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<sup>33</sup> No Welfare for the Wealthy Act of 2025, H.R. 416, 119<sup>th</sup> Congress, First Session.

<sup>34</sup> Eliminating Fraud and Improper Payments in TANF Act, H.R.2242, 119<sup>th</sup> Congress, First Session, March 25, 2026.

<sup>35</sup> Niklas Kleinworth and Brian Blase, "Preserve and Improve Medicaid, State Action to Protect the Most Vulnerable and Taxpayers," Paragon Health Institute, December 2025, [https://paragoninstitute.org/wpcontent/uploads/2025/12/Preserve\\_and\\_Improve\\_Medicaid\\_Kleinworth\\_Blase\\_RELEASE\\_V1.pdf](https://paragoninstitute.org/wpcontent/uploads/2025/12/Preserve_and_Improve_Medicaid_Kleinworth_Blase_RELEASE_V1.pdf) (accessed March 4, 2026).

That could include states having to pay for a share of the program costs, or third-party intermediaries being barred from receiving and distributing federal transfer benefits.

#### **4. Impose Skin-In-The-Game Requirements**

Just as a law without consequences is meaningless, laws aimed at protecting the integrity of taxpayers' dollars will fall short unless they include consequences for failing to spend it properly and prosecution of criminals who steal taxpayer dollars. Policymakers should build on H.R. 1's skin-in-the-game requirements for SNAP and Medicaid by imposing a cap, such as three percent, on the amount of improper payments that the federal government will pay. If programs administered by federal agencies exceed this cap, their funding could be reduced, and if state or other entities administering federal programs exceed the cap, they should be responsible for their improper payments over the cap or else lose their status as administrators of the programs.

#### **Summary**

With the federal government's improper payments costing eight weeks of gas and groceries for every household in America, and federal fraud potentially costing the equivalent of up to eight weeks of housing payments, Congress must take action to reduce waste, fraud, and abuse in the \$4.2 trillion in taxpayer dollars that it redistributes through transfer payments each year.

That must begin with a full accounting of federal benefits in the same way the federal government requires a full accounting of taxpayers' incomes, and end with front-end eligibility verification and back-end accountability. The reforms outlined in this testimony—following the money, eliminating eligibility loopholes, accurately measuring improper payments, and imposing meaningful skin-in-the-game accountability—would help protect both taxpayers and the integrity of programs intended to serve those in need

Congress's constitutional authority over the purse does not end when taxpayer dollars leave the Treasury. Congress must ensure that funds are spent lawfully, efficiently, and for their intended purpose. That requires demanding transparency and ensuring that every federal dollar spent is subject to the same scrutiny and accountability that taxpayers themselves are legally required to meet.