



Written by [Steven J. DuBord](#) on November 19, 2009

Report Says Federal Govt Wasted \$98 Billion

The federal government wasted almost \$100 billion dollars of taxpayer money in 2009 according to the Office of Management and Budget. The figures were released on November 17 and show a \$26-billion increase over the 2008 total.

More than \$98 billion were wasted, representing about five percent of all federal spending. A large portion of the waste came from dubious claims for Medicare benefits and tax credits. While the overall percentage of waste remained similar to last year's, the total jumped by \$26 billion due to the OMB's stricter definition of wrongful spending and the increase in federal spending for stimulus programs.



Even the current tightening of how to define waste does not tell the whole tale. President Barack Obama is expected to issue an executive order within the next week that makes the standards for spending documentation even stricter. Under the new guidelines, Medicare's questionable payments would be reported as \$48 billion instead of \$36 billion. Assuming the same could be said for other spending programs, the true federal waste is well over \$110 billion.

Senator Tom Carper (D-Del.) chairs a Senate panel on federal financial management. He worries that the OMB data "may still be just the tip of the iceberg" because estimates for several programs aren't included, the Medicare prescription drug plan being chief among them.

"It goes without saying that these results would be completely unacceptable in the private sector, as they should be in government, especially at a time of record deficits," Carper said.

Obama's executive order would require every federal agency to set up a website that tracks outstanding payments, improper payments, and the rate of errors. Agencies would have specific targets for reducing error rates, and if any agency misses its target for two consecutive years, that agency would have to explain itself to the OMB and state the corrective measures it will undertake. The administration also wants to impose penalties on contractors who receive wrongful payments so that they are motivated to repay the money.

CBS News on November 18 listed the following [details](#) on wasteful spending from the OMB report:

Agriculture: \$4.3 billion in improper payments, or 5.9 percent of total department spending. Much of it was in the food stamp, federal crop insurance and school meals programs.

Defense: \$849 million, or 0.5 percent.

Education: \$599 million, or 2.1 percent.

Health and Human Services: \$55.1 billion, or 9.4 percent. That included improper payment rates of 7.8 percent and 15.4 percent in the Medicare fee for service and Advantage programs, respectively.



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Homeland Security: \$644.5 million, or 3.7 percent. Much of it was in the Homeland Security grant program as well as Disaster Relief Fund Vendor Payments.

Housing and Urban Development: \$1 billion, or 3.5 percent. All of it was attributed to public housing and rental assistance.

Labor: \$12.3 billion, or 9.9 percent. Almost all of the improper payments were in the unemployment insurance program.

Treasury: \$12.3 billion, or 25.5 percent. All of it was attributed to improper payments in the earned income tax credit.

Transportation: \$1.5 billion, or 3 percent. Much of it was in the Federal Highway Administration planning and construction program.

Veterans Affairs: \$1.2 billion, or 2.7 percent. That included improper payments in the pension and other compensation programs.

Social Security Administration: \$8.0 billion, or 1.2 percent.

“We need to protect taxpayer dollars,” OMB Director Peter Orszag said to reporters. “Every dollar that goes to the wrong recipient or in the wrong amount is a dollar not available to help an unemployed worker, or to invest in education or key priorities of the administration.”

Orszag unintentionally identified the real root of the problem by omission. He didn’t say whether or not the Constitution authorizes any of the programs that the money is being spent on. Any spending not authorized by the Constitution is wasteful spending.

Helping unemployed workers by giving them back some of what they’ve already paid to Uncle Sam through burdensome taxation, controlling education through the bribery of federal grants, and spending taxpayer dollars on other “key priorities of the administration” are all far from what the Founding Fathers envisioned as legitimate federal outlays.

Congress controls the purse strings, and while it is not known for adhering to the Constitution either, at least it should be the branch of government deciding what to spend money on, not the President and his administration.

Orszag got it right that the federal government needs to “protect taxpayer dollars,” but the best way for Uncle Sam to do that is to not lay his hands on those dollars in the first place, leaving them right where they belong — in the taxpayer’s wallet.



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