



Office of Management and Budget

**Improving  
the Accuracy and Integrity of  
Federal Payments**

**January 25, 2005**

## Table of Contents

I.	Executive Summary.....	i
II.	Introduction.....	1
III.	Fiscal Year 2004 Baseline Assessment.....	2
	Risk Assessment and Statistical Sampling Results.....	2
	Agency-Specific Highlights.....	4
IV.	Outlook for Fiscal Year 2005 and Beyond.....	9
	Expected Improper Payments Reported for FY 2005, 2006, and 2007.....	9
	Planned Reporting Improvements.....	10
V.	Conclusion.....	11

## I. EXECUTIVE SUMMARY

The Administration has made the elimination of improper payments a major focus of the President's Management Agenda (PMA). An improper payment occurs when Federal funds go to the wrong recipient, the recipient receives an incorrect amount of funds, or the recipient uses the funds in an improper manner. Through the Improving Financial Performance initiative of the PMA and now the newly created Eliminating Improper Payments program initiative, the President is holding agency managers accountable for strengthening financial management controls so that Federal agencies can better detect and prevent improper payments, and thus better ensure that taxpayer dollars are spent wisely and efficiently.

To further institutionalize Federal agency efforts to eliminate improper payments, the President signed the Improper Payments Information Act (IPIA) of 2002 (Public Law 107-300) into law on November 26, 2002. The central purpose of the IPIA is to enhance the accuracy and integrity of Federal payments. To achieve this objective, the IPIA provides an initial framework for Federal agencies to identify the causes of, and solutions to, reducing improper payments. In turn, guidance issued by the Office of Management and Budget (OMB) in May of 2003 (Memorandum 03-13) requires agencies to: (i) review every Federal program, activity, and dollar to assess risk of significant improper payments; (ii) develop a statistically valid estimate to measure the extent of improper payments in risk susceptible Federal programs; (iii) initiate process and internal control improvements to enhance the accuracy and integrity of payments; and (iv) report and assess progress on an annual basis.

Pursuant to Memorandum 03-13, Federal agencies implemented the various requirements of the IPIA for the first time in Fiscal Year (FY) 2004. The results of these efforts are captured in a common reporting format in each agency's Performance and Accountability Report. *Improving the Accuracy and Integrity of Federal Payments* (hereinafter, "Report") aggregates the results of the agency-specific reports, highlighting significant findings, agency accomplishments, and remaining challenges.

This Report, along with agency-specific reports, provides the clearest picture policy-makers and Federal agency managers have ever had on the extent of improper payments and the critical challenges faced in eliminating them. This first year of reporting represents a vital step in meeting the objectives of the IPIA because it establishes the baseline from which short and long-term program improvement strategies and priorities will be based. The following are several notable facts and findings highlighted in this Report:

- Federal agencies completed a risk assessment of all programs and dollars spent, determining that more than 60% of government outlays for FY 2004 (or \$1.4 trillion out of \$2.3 trillion) were risk susceptible for a significant level of improper payments. The remaining \$0.9 trillion that was deemed not to be risk susceptible is made up of compensation (\$160 billion), contracts/administrative (\$285 billion), net interest on public debt (\$160 billion), and small outlay/low risk programs (\$295 billion).
- Federal agencies were able to establish improper payment rates (and amounts) for programs that account for more than 80% of risk susceptible dollars. Specifically, of the \$1.4 trillion in risk susceptible outlays, improper payment rates are reported on programs

that total \$1.2 trillion of those outlays. In a small number of risk susceptible programs, the absence of an improper payment rate in FY 2004 reporting is the result of measurement challenges as well as time and resource constraints that will be resolved in future reporting years.

- Agencies reported a total of \$45.1 billion in improper payments in FY 2004 out of \$1.2 trillion in risk susceptible outlays where an improper payment measurement was provided. This represents a 3.9% improper payment rate. The Administration previously published an estimate of \$35 billion in annual improper payments based on a review of available data in FY 2001. The increase in the estimate of \$10.1 billion is explained primarily by improved error detection in Medicare, where reported improper payment dollars have increased by \$9.6 billion since 2001. Notably, for all Federal programs other than Medicare which measured improper payments, the government-wide improper payment rate is 2.7%.
- Approximately 92% of improper payments are overpayments.
- As demonstrated below, seven programs alone account for approximately 95% of the improper payments reported in FY 2004.

**Improper Payments Reported in FY 2004**  
(in billions)

<b>Program</b>	<b>Amount</b>	<b>Percent of Total</b>
Medicare	\$21.7	48.1%
Earned Income Tax Credit	8.7 to 10.6	21.5
Unemployment Insurance	3.9	8.6
Supplemental Security Income	2.6	5.8
Old-Age, Survivors, and Disability Insurance	1.7	3.8
Public Housing/Rental Assistance	1.7	3.8
Food Stamps	1.6	3.5
<i>Subtotal</i>	<i>42.9</i>	<i>95.1</i>
Other Measured Programs	2.2	4.9
<b>TOTAL</b>	<b>\$45.1</b>	<b>100.0%</b>

- The government-wide improper payments total for the programs measured and reported in FY 2004 is expected to decrease when reported in Fiscal Year 2005, based on agency-established reduction targets. However, it is expected that the decrease will be impacted by outlay changes as well as the identification of new improper payments, as additional programs are measured and detection methods are enhanced for currently measured programs.
- Several agencies have achieved significant accomplishments in reducing improper payments in recent years. For example, the Department of Housing and Urban Development lowered their agency-wide improper payments by approximately \$1.6 billion since FY 2000; the Social Security Administration reduced the Supplemental

Security Income improper payments by more than \$100 million since levels reported in FY 2003; and DOL reduced improper payments in the Federal Employee Compensation Act program by \$12 million since FY 2003.

With the baseline now in place, and the tools of the IPIA and the PMA in effect, the Federal government is in a strong position to continue its efforts toward eliminating improper payments government-wide. The Administration will utilize these tools to ensure that agencies are prioritizing resources so that corrective action plans are thoughtfully developed and successfully carried out for critical risk susceptible programs. Increased attention and resources will be dedicated to achieving reduction targets in the seven critical programs that make up 95% of the improper payments total reported in FY 2004. Moreover, the Administration will continue efforts to ensure that agencies report an improper payment measurement for all risk susceptible programs on an annual basis.

## II. INTRODUCTION

The President's Management Agenda (PMA) strives to instill first class financial management practices in departments and agencies throughout the Executive Branch. Such efforts ensure that taxpayer dollars are spent wisely and efficiently, are appropriately accounted for, and are protected from fraud or misuse. To advance these important objectives, the Administration has made the elimination of improper payments a major focus of the PMA. An improper payment occurs when Federal funds go to the wrong recipient, the recipient receives the incorrect amount of funds, or the recipient uses the funds in an improper manner.

Since 2000, Federal agencies have reported efforts to reduce improper payments through the Office of Management and Budget's (OMB) Circular A-11, Section 57. This reporting requirement focused on 40 to 45 of the largest Federal programs, accounting for approximately half of all Federal outlays. With the passage and signing of the Improper Payments Information Act (IPIA) of 2002 (Public Law 107-300), as implemented through OMB guidance, the President and Congress have created a permanent framework for assessing every Federal program and dollar for risk of improper payments, annually measuring the accuracy of payments, and initiating program improvements to ensure that payment errors and improprieties are reduced and ultimately eliminated.

Pursuant to the IPIA, OMB issued implementing guidance in May of 2003. OMB Memorandum 03-13 (M-03-13) requires agencies, beginning in Fiscal Year (FY) 2004, to take the following steps to comply with law:

- Risk Assessments. Agencies are required to review all programs and activities and identify those that are risk susceptible to significant improper payments. A program or activity with significant improper payments is one where improper payments exceed both \$10 million and 2.5% of program payments on an annual basis. Notably, all programs listed in Section 57 of OMB Circular A-11 are automatically deemed to be risk susceptible to significant improper payments.
- Statistical Estimates. Agencies are required to develop a statistically valid estimate of improper payments for all programs and activities identified as susceptible to significant improper payments in the risk assessment. The statistical estimate must be based on a sample size sufficient to yield an estimate with a 90% confidence interval, plus or minus 2.5%.
- Corrective Action Plans. For all programs where the statistical estimate exceeds \$10 million in annual improper payments, agencies are required to develop a remediation plan for eliminating improper payments. The remediation plan must contain annual targets for reducing improper payment levels.
- Reporting. Agencies are required to report the results of IPIA activities on an annual basis in their Performance and Accountability Report (PAR).

During FY 2004, as agencies worked to meet IPIA requirements for the first time, the Administration took several steps to facilitate agency efforts. OMB announced a new PMA

program initiative beginning in the first quarter of FY 2005 entitled Eliminating Improper Payments. Previously, agency efforts to eliminate improper payments were tracked along with other financial management activities through the Improving Financial Performance initiative. By dedicating a separate initiative to improper payments, the Administration is ensuring that agency managers are held accountable for meeting the goals of the IPIA and are therefore dedicating the necessary attention and resources to meeting IPIA requirements.

In addition, the CFO Council's Working Group on Improper Payments advanced the goals of the IPIA by developing a common format for reporting IPIA results in the PAR, and researching strategies to more efficiently verify the accuracy and integrity of sampled payments by leveraging existing audits and consolidating reviews on common payment recipients. Moreover, the Working Group, in consultation with representatives from the Inspector General community, developed guidance to help agencies develop annual statistical estimates of improper payments in large and complex programs.

Agency-specific IPIA reporting for FY 2004 is provided in agency PARs (typically available on agency websites). This Report aggregates the results of the agency-specific reports, highlighting accomplishments and remaining challenges.

### **III. FISCAL YEAR 2004 BASELINE ASSESSMENT**

The purpose of the IPIA is to enhance the accuracy and integrity of Federal payments. To achieve this objective, the IPIA, as implemented through OMB guidance, provides a framework for Federal agencies to measure the extent of improper payments on an annual basis and to track success in eliminating such payments over time. The FY 2004 reporting represents a critical step in meeting the goals of the IPIA because it establishes the baseline from which short and long-term program improvement strategies and priorities will be based.

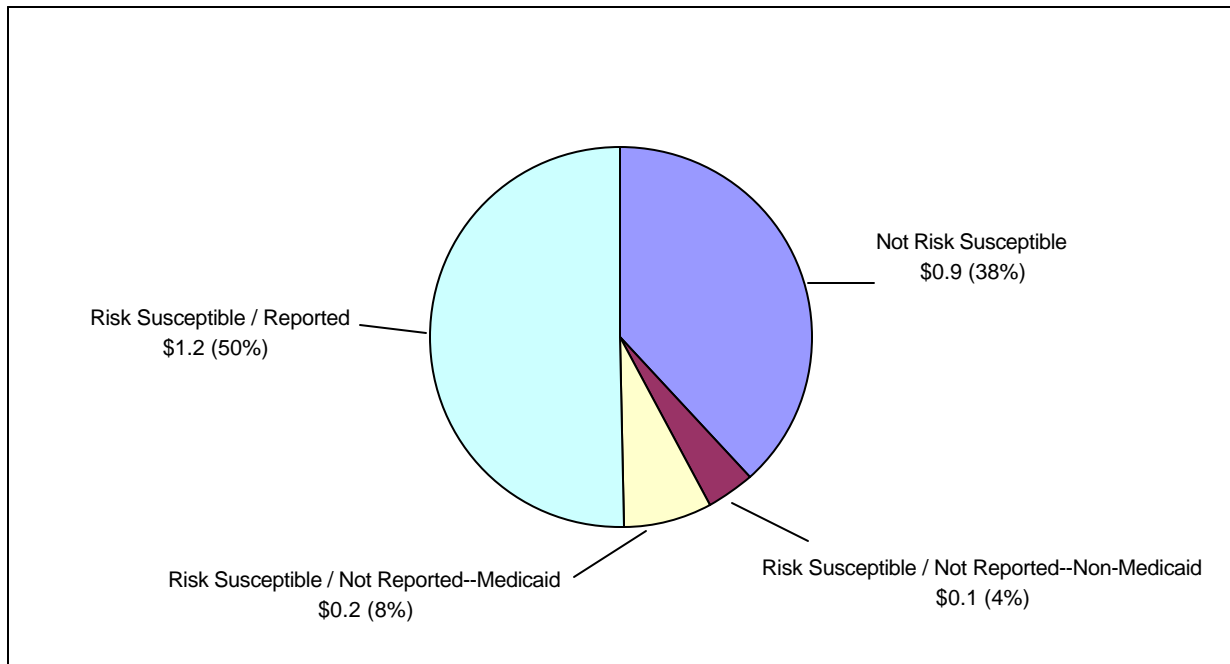
#### **Risk Assessment and Statistical Sampling Results**

For the first time ever, agencies assessed all Federal outlays in FY 2004 (\$2.3 trillion) for risk of significant improper payments. Agencies utilized a variety of techniques in order to determine whether programs were risk susceptible or not. At a minimum, all agencies based risk assessments on the relative complexity and size of the program, as well as any available findings/reports with respect to improper payments from independent sources such as Inspectors General, Government Accountability Office, and audits performed under the Single Audit Act. Some agencies, such as the Department of Commerce, completed preliminary statistical sampling in order to gauge risk. (See Table 1 of the Appendix to this Report for a list of risk susceptible programs identified in FY 2004 and associated outlay totals.)

As required by the IPIA and OMB M-03-13, once programs or activities were classified as risk susceptible, agencies set out to generate a valid statistical estimate for such programs. The results of these efforts are reported in Table 2 of the Appendix to this Report. Notable results from the FY 2004 risk assessments and statistical sampling include:

- More than 60% of all government outlays for FY 2004 (or \$1.4 trillion out of \$2.3 trillion) were deemed risk susceptible for improper payments.
- The remaining \$0.9 trillion that was deemed not to be risk susceptible is made up of compensation (\$160 billion), contracts/administrative (\$285 billion), net interest on public debt (\$160 billion), and small outlay/low risk programs (\$295 billion). It is noteworthy that a significant number of government contracts are reviewed for improper payment under the recovery auditing process. See Section 831 of the Defense Authorization Act for Fiscal Year 2002 (31 U.S.C. §§ 3561-3567).

**Figure 1: Risk Profile of \$2.3 Trillion Federal Outlays in FY 2004<sup>1</sup>**  
(in trillions)



- Federal agencies reported an FY 2004 improper payment rate (and amount) for programs that account for more than 80% of risk susceptible dollars. In other words, of the \$1.4 trillion in risk susceptible outlays, improper payment rates have been established for programs that total \$1.2 trillion. Once an improper payment rate is established for Medicaid (expected in FY 2005), Federal agencies will be reporting improper payment rates for programs that total more than 90% of risk susceptible dollars. Other non-reported risk susceptible programs, including the Department of Health and Human Service's Foster Care program, anticipate reporting improper payment rates in FY 2005.
- Agencies reported a total of \$45.1 billion in improper payments in FY 2004 out of \$1.2 trillion in risk susceptible outlays where an improper payment measurement was provided. This represents a 3.9% improper payment rate. The Administration previously published an estimate of \$35 billion in annual improper payments based on a review of

<sup>1</sup> The numbers in Figure 1 have been rounded.



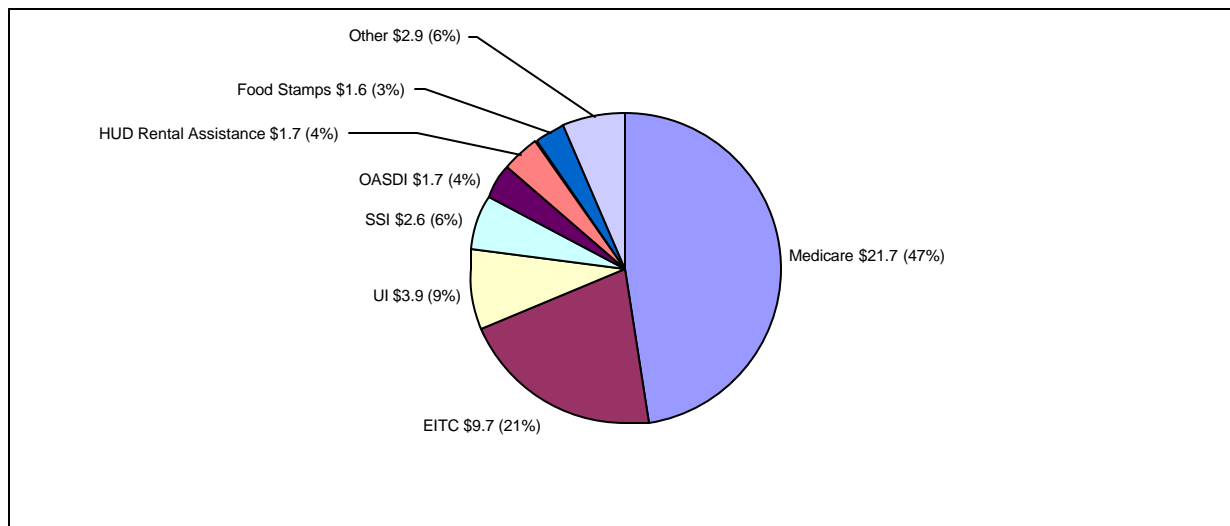
available data in FY 2001. The increase in the estimate of \$10.1 billion is explained primarily by improved error detection in Medicare, where reported improper payment dollars have increased by \$9.6 billion since 2001. Notably, for all Federal programs which measured improper payments, other than Medicare, the government-wide improper payment rate is 2.7%.

- Approximately 92% of improper payments are overpayments. Of the \$45.1 billion in total improper payments reported in FY 2004, Federal agencies maintain detailed information on overpayments vs. underpayments on approximately \$42.3 billion, with \$39.1 billion reported in overpayments and \$3.2 billion in underpayments. (See Table 3 of the Appendix to this Report.)

### Agency-Specific Highlights

As demonstrated in Figure 2 below, seven individual programs account for approximately 95% of the improper payment total reported in FY 2004. Therefore, achieving the objectives of the IPIA will hinge on the development and successful implementation of effective corrective action plans in these seven programs. In these programs, agencies have been working for many years to instill the necessary controls and program integrity improvements to detect and reduce improper payments. Thus, there is a solid foundation in place that will help ensure success going forward.

**Figure 2: \$45.1 Billion Improper Payments by Major Program**  
(in billions)



### Medicare – Department of Health and Human Services (HHS)

Medicare, the second largest Federal benefit program representing nearly \$300 billion in outlays annually, is government-sponsored health insurance for America’s seniors and disabled citizens. The Fee-for-Service portion of the program reported a 10.1% improper payment rate in FY 2004 or a total improper payment amount of \$21.7 billion. The key causes of error in this part of the Medicare program are incorrect dollar amounts charged by and/or paid to physicians,

diagnostic and procedure coding errors, and insufficient documentation in support of benefit payments. HHS anticipates significant reductions in the Fee-for-Service improper payment rate in FY 2005 and beyond. (See Table 2 of the Appendix to this Report.) In order to achieve these improvements, HHS plans to use the findings from the FY 2003 Comprehensive Error Rate Testing (CERT) study to enhance ongoing corrective actions as well as implementing a series of new corrective actions.

Improvements to ongoing corrective actions include:

- Increasing and refining one-on-one educational contacts with providers who are billing in error;
- Revising letters requesting medical records by clarifying the role of the CERT contractor, ensuring the requests do not violate the Health Insurance Portability and Accountability Act of 1996;
- Allowing for faxing of medical records;
- Requesting medical records in Spanish as appropriate;
- Performing more intense follow-up on providers not providing records;
- Developing a website to track provider non-response;
- Referring provider non-responses on claims exceeding \$40 to the Office of Inspector General;
- Making it easier for providers to find Medicare rules by developing a website of national coverage, coding, and billing articles;
- Establishing a process to detect “clearly erroneous” claims that can be identified without supporting medical record information; and
- Encouraging the use of Electronic Medical Record submission pilots to facilitate process of submitting medical records.

Additional corrective actions planned for FY 2005 include:

- Hiring an error rate documentation contractor whose primary focus will be lowering non-response and insufficient documentation rates;
- Releasing a List of Over-utilized Codes that show error rates and improper payments by contractor/by service;
- Accounting for contractor-specific error rates in the evaluation of contractors beginning in 2005;
- Conducting a demonstration in three States to determine whether the use of recovery auditing contractors can help lower the error rates in these States;
- Conducting an insufficient documentation special study to better understand the causes of insufficient documentation;
- Working with the American Medical Association to clarify evaluation and management code documentation guidelines;
- Opening satellite offices focused on identifying and preventing improper payments to providers in high risk areas; and
- Developing new data analysis procedures to help identify payment aberrancies and using that information in order to stop improper payments before they occur.

## Earned Income Tax Credit (EITC) – Treasury Department

This program provides a tax credit to low income citizens and is one of the largest Federal programs helping America's poor. Eligibility for the credit is based on income level, filing status, and number of dependents. In FY 2004, the program reported an improper payment amount range of \$8.7 billion to \$10.6 billion (or a 22% to 27% improper payment rate). This estimate is a projection based on the most recent EITC error study from tax year 1999. The three most significant causes of error in the program are: (i) Qualifying Child – whether the child lives with the individual claiming the credit and passes the “relationship test;” (ii) Filing Status of the Taxpayer – whether the individual claiming the credit has properly filed as single/head of household versus married; and (iii) Underreporting of Income – whether the individual claiming the credit has properly stated his/her income.

The Treasury Department anticipates reducing reported improper payments by approximately \$135 million in FY 2005 and \$1.1 billion by FY 2007. (See Table 2 of the Appendix to this Report.) The Treasury Department has a series of ongoing corrective actions to address error, including:

- Reducing the backlog of pending EITC examinations to ensure that eligible taxpayers whose returns are being examined receive their refunds quickly;
- Reducing the burden and enhancing the quality of communications with taxpayers by improving the existing audit process;
- Encouraging eligible taxpayers to claim the EITC by increasing outreach efforts and making the requirements for claiming the credit easier to understand;
- Refocusing compliance efforts on taxpayers who claimed the credit but were ineligible because their income was too high; and
- Piloting a certification effort to substantiate qualifying child residency eligibility for claimants whose returns are associated with a high risk for error.

More recently, the Treasury Department initiated several tests to evaluate new ways of reducing erroneous EITC payments, including:

- Qualifying Child Test: requires high risk EITC claimants to certify that they meet qualifying child residency requirements before paying out the refund (tested on 25,000 high risk EITC applicant in FY 2004);
- Filing Status Test: reviews filing status claims to ensure they are correct. IRS selected claimants whose filing status had changed to one that increased the value of the credit (generally, from married filing jointly to head of household); and
- Misreporting Income (Automated Underreporter) Test: enhances error detection through the automated underreporter program. This test focuses not on the number of cases IRS is reviewing, but on improved selection methodologies.

The results of the National Research Program study – which provides an updated and comprehensive review of EITC error – will be available in June 2005 and should provide

valuable information for ensuring that the Treasury Department's are appropriately tailored so that error reduction goals are achieved.

#### Unemployment Insurance (UI) – Department of Labor (DOL)

DOL's UI program provides unemployment benefits to eligible workers who become unemployed and meet certain eligibility requirements. The program reported a 10.3% improper payment rate in FY 2004 or a total improper payment amount of \$3.9 billion. The largest cause of error in the UI program is "Benefit Year Earnings" (BYE), which are payments received by claimants who continue to claim benefits despite having returned to work. Another significant cause of error is claimants obtaining benefits despite separations from work that violate eligibility rules. The Department of Labor anticipates reducing reported improper payments by \$74 million in FY 2005 and \$259 million by FY 2007. (See Table 2 of the Appendix to this Report.) This reduction will be achieved through a variety of corrective actions, including increasing the use of state level data matches with the State Directory of New Hires, the National Directory of New Hires, and Social Security Administration data to detect and prevent BYE payments and overpayments made due to fraudulent or mistaken use of Social Security Numbers.

#### Supplemental Security Income (SSI) – Social Security Administration (SSA)

SSI provides cash benefits to low-income elderly and disabled individuals. The program reported a 7.3% improper payment rate in FY 2004 (based on FY 2003 payments) or a total improper payment amount of \$2.6 billion. The main reasons for payment errors are incorrect records of beneficiaries' wages and beneficiaries having assets that make them ineligible for benefits that SSA does not know about. Benefit levels depend on an individual's wages. If an individual doesn't report changes in monthly wages and/or SSA does not process the reported information promptly, improper payments will be made. SSA anticipates that it will report a 6.8% improper rate in FY 2005 and 5.8% rate in FY 2007. While expected program growth, and thus an increase in base payments, will yield a higher level of improper payments dollars reported in FY 2005, SSA anticipates reducing reported improper payments by \$493 million in FY 2007. (See Table 2 of the Appendix to this Report.) These reductions will be achieved through eligibility re-determinations, automated checks with financial institutions for undisclosed assets, and improved wage reporting.

#### Old Age and Survivors' Disability Insurance (OASDI) – Social Security Administration (SSA)

Program beneficiaries are retirees, disabled people, and their surviving spouses and minor children. The program reported a 0.34% improper payment rate in FY 2004 (based on FY 2003 payments) or a total improper payment amount of \$1.7 billion. Payment errors are largely the result of mistakes in computations, inaccurate wage or self-employment income records, and disabled beneficiaries earning more than program rules allow. Despite being the largest entitlement program in the Federal Government with nearly \$500 billion in annual outlays, the improper payment rate is exceedingly low — less than half of one percent. SSA has specific corrective action plans in place to continue to monitor and improve payment accuracy in this program, including an initiative to correct computation errors and additional due diligence measures to respond quickly to reports from disabled beneficiaries that they have gone back to work.

### Food Stamps – Department of Agriculture (USDA)

The Food Stamp program targets improving the nutrition of the neediest of our citizens. Recipients receive benefits redeemable for food at authorized grocery stores, markets, and similar establishments. USDA has successfully implemented the use of an electronic benefits transfer card that reduces the risk of fraudulent use or theft. In FY 2004, the program reported a 6.64% improper payment rate (based on FY 2003 payments) or a total improper payment amount of \$1.6 billion. Errors occur when recipients report incorrect information and when state agencies make mistakes in implementing program rules. Since publishing its FY 2004 PAR, USDA has updated its projections and now anticipates improving the improper payment rate from the current rate 6.64% to 6.2% by FY 2007. These reductions are expected through ongoing implementation of changes to rules that simplify program administration, and effective corrective actions, including working with States to enhance quality control efforts, data analysis, and dissemination of best practices.

### Public Housing/Rental Assistance – Department of Housing and Urban Development (HUD)

Prior to the enactment of the IPIA, HUD had established an improper payments reduction program for its various rental housing assistance programs – including Public Housing, Section 8 Tenant-Based Assistance and Multifamily Housing Project-Based Assistance. These programs are administered by over 26,000 public housing agencies (PHAs) and multifamily housing owners or management agents on HUD's behalf. In general, the program benefits paid represent the difference between 30 percent of an eligible household's adjusted income and the balance of the housing operating costs or an established rent level. HUD reported a 6.9% improper payment rate in FY 2004 for these programs or a total improper payment amount of \$1.7 billion. Key causes of error include: the program administrator's failure to properly apply income exclusions and deductions and correctly determine income, rent and subsidy levels; the tenant beneficiary's failure to properly disclose all income sources; and errors in the billing and payment of HUD subsidies. Through corrective action plans, such as income verification using computer matching and state wage data matching, HUD anticipates reducing improper payments by \$232 million when reported in FY 2006 and \$478 million when reported in FY 2007. (See Table 2 of the Appendix to this Report)

### Other Recent Accomplishments

In addition to these planned improvements for the future, several agencies achieved significant accomplishments in eliminating improper payments in recent years. Specifically,

- HUD has reduced their improper payments by more than \$1.6 billion since 2000. This reduction was achieved through a series of successfully implemented corrective actions, including statutory and regulatory simplification, use of structured forms and training, increased use of automated sources of income data during rent and subsidy determinations, increased monitoring of program processing by HUD's intermediaries

through use of risk-based targeting indicators, automated billing verifications, and stronger performance incentives and sanctions with HUD intermediaries and tenants.

- SSA reduced Supplemental Security Income (SSI) improper payments by more than \$100 million from previous estimate. Efforts that began in January 2001 are yielding results as evidenced by using online queries to access the Office of Child Support Enforcement's quarterly wage data and new hires directory. These improved data matches provide income verification which in turn identify and prevent the incorrect amount of SSI benefit being paid.
- DOL reduced improper payments in the Federal Employees Compensation Act (FECA) program by nearly \$12 million since FY 2003. Beginning in September 2003, DOL began using a private sector firm to process and pay medical claims. This firm uses automated front-end editing operations to verify provider and claimant eligibility and monitor submissions for duplicate claims. The service also uses proprietary software to screen professional medical and outpatient hospital bills to check for improper billing practices. Results are monitored for patterns and trends which may require remedial action. In addition, DOL plans to implement an automated tracking mechanism in January 2005 that will alert claims staff when medical evaluations are due. This system will greatly reduce the number of payments made incorrectly to claimants whose medical condition has improved to the point that they are no longer eligible for benefits.

#### **IV. OUTLOOK FOR FISCAL YEAR 2005 AND BEYOND**

The FY 2004 reporting provides the clearest picture policy-makers and Federal agency managers have ever had on the extent of improper payments and the critical challenges faced in eliminating them. With the baseline now in place, and the tools of the IPIA and the PMA in effect, the Federal Government is positioned to continue eliminating improper payments government-wide.

##### **Expected Improper Payments Reported for FY 2005, 2006, and 2007**

A critical part of agency compliance with the IPIA is the establishment of corrective action plans and future year targets for improved performance in reducing improper payments. The targets reflect the reduction in improper payments the agency believes it can achieve, accounting for process and internal control improvements, resource constraints, and other relevant factors.

Table 2 of the Appendix to this Report details the improper payment amounts that agencies expect to report in future years. When expected outlay changes are excluded, the government-wide improper payments total reported in FY 2004 is expected to decrease by approximately \$4.9 billion in FY 2005, \$8.1 billion in FY 2006, and \$12.3 billion in FY 2007.

As detailed above, achieving these improved levels will hinge largely on successful implementation of corrective action plans in the largest seven programs. Most notably, the Medicare program is on the cusp of implementing a variety of new program integrity

improvements that are expected to yield significant results in terms of error reduction. The UI program, SSI, and Public Housing/Rental Assistance are also expecting program improvements to drive expected reductions of more than \$1.2 billion when the Fiscal Year 2007 PARs are issued.

The Administration plans to utilize the new PMA initiative, Eliminating Improper Payments, to ensure that agencies are held accountable for achieving planned reduction targets. Milestones and deliverables related to implementation of program improvements will be established for each quarter of the fiscal year. Agencies will be graded on evidence that corrective actions are being carried out timely and effectively.

### **Planned Reporting Improvements**

Government-wide efforts to comply with the IPIA are progressing on two fronts: (i) initiating the necessary program improvements to reduce and eliminate improper payments where they are currently known; and (ii) improving detection and measurement of improper payments to better understand the nature and extent of the problem.

The Administration remains committed to enhancing reporting so that all risk susceptible programs report an annual measurement of improper payments and programs that currently report an improper payment measurement are capturing all relevant sources of error. For example, while the Environmental Protection Agency, Department of Transportation, and National Science Foundation all report an annual improper payment measurement for their risk susceptible programs, each agency has committed to enhance its measurement approach going forward in order to more comprehensively capture improper payments that occur in the later stages of the payment lifecycle (e.g., at the point the ultimate recipient spends Federal dollars).

In addition, and as noted above, agencies in FY 2004 reported an improper payment measurement for more than 80% of risk susceptible dollars. A few key risk susceptible programs without a current measurement make up the balance include Medicaid, National School Lunch/Breakfast Program, Special Supplemental Nutrition Program for Women Infants and Children (WIC), and Foster Care. The absence of an improper payment measurement is due in large part to the size and complexity of these programs, as well as resource and timing constraints.

The CFO Council Working Group on Improper Payments worked very closely with these programs during FY 2004 to develop alternative strategies for obtaining improper payment measurements as soon as practical. The result of these efforts is embodied in “Alternative for Estimating Improper Payment Amounts,” a guidance document issued by the Working Group in September of 2004, that applies solely to a small number of specifically identified Federal programs.<sup>2</sup> In all other cases, OMB Memorandum 03-13 sets out the minimum requirements for annually measuring improper payments.

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<sup>2</sup> The programs include: National School Lunch/Breakfast Program (USDA); Special Supplemental Nutrition Program for Women, Infants and Children (USDA); Child and Adult Food Program (USDA); Child Care and Development Fund (HHS); Medicaid/State Children's Health Insurance Program (HHS); Temporary Assistance to Needy Families (HHS); Foster Care (HHS); Earned Income Tax Credit (Treasury).

Developed collaboratively by members of the CFO Council and Inspector General community, the alternative Guidance supports the objectives of IPIA by ensuring a more timely and accurate assessment of government-wide improper payments. Prior to the Guidance, the unique measurement challenges in these programs resulted in less timely and less reliable improper payment estimates. In some of these cases, strict adherence to the M-03-13 requirements meant no valid annual improper payment amount of any kind would be attainable. The Guidance ensures that, in the short term, an improper payment measurement plan is established which will yield an annual rate within three years. In the interim, a component improper payment rate is determined annually. Moreover, in the long term, additional risk components will be assessed so that ultimately a comprehensive, annual improper payment amount is established and tracked for each program.

As detailed in Table 4 in the Appendix to this Report, each risk susceptible program, that currently lacks an improper payment measurement, except for Temporary Assistance for Needy Families and Workforce Investment Act Grants, has a plan in place to capture an improper payment measurement no later than FY 2006. Many of these programs are employing measurement approaches consistent with the Working Group guidance discussed above.

The Working Group plans to now focus efforts on potential crosscutting solutions that will help improve improper payment detection and elimination government-wide. By forging synergies with other Federal agencies, the private sector, and States, the Working Group hopes to develop common solutions that impact multiple programs, including for example, initiatives related to enhanced approaches to risk management, data matching, and card technology.

## **V. CONCLUSION**

The Administration is committed to eliminating improper payments. Through actions to implement the IPIA in FY 2004, Federal agencies established a strong foundation for annually measuring improper payments, identifying and implementing the necessary corrective actions, and tracking success over time. Moreover, the IPIA compliance activities completed and reported in FY 2004 will help government managers and other policy-makers define the necessary steps to overcome emerging challenges so that improper payments can be more effectively measured and eliminated on an ongoing basis.

Moving forward, the Administration plans to focus its efforts on areas where the taxpayer will receive the best possible return on investment for Federal time and resources expended. For example, considerable attention will be given to successful implementation of HHS' corrective action plan for Medicare, which is expected to eliminate a significant amount of improper payments each year. Moreover, the Improper Payment Working Group of the CFO Council will continue its efforts to develop cost effective measurement, prevention, and recovery solutions.

The PMA will continue to play an integral role in advancing improved financial management, including enhancing the integrity and accuracy of Federal payments. As a direct



result, the elimination of improper payments will remain a top priority of the Administration, government managers, and the entire Federal financial management community.

# **APPENDIX**

**Table 1: Risk-Susceptible Program Outlays**  
(Dollar amounts in millions)

<u>Department or Agency</u>	<u>FY 2004 Outlays (\$)</u>	<u>Percentage (%) of Agency Total</u>
<b>Department of Agriculture</b>		
Food Stamps	\$ 24,298	33.9 %
Market Loan Assistance <sup>1</sup>	8,768	12.2
National School Lunch/Breakfast Program	8,390	11.7
Special Supplemental Nutrition Program for Women, Infants, and Children	4,764	6.6
Federal Crop Insurance Program	2,500	3.5
Child and Adult Food Program	1,989	2.8
Natural Resource Conservation Service	1,027	1.4
Rental Assistance	710	1.0
	Risk Total \$ <u>43,508</u>	<u>60.7</u> %
	Non-Risk Total \$ <u>28,206</u>	<u>39.3</u> %
	Outlay Total \$ <u>71,714</u>	<u>100.0</u> %
<b>Department of Defense</b>		
Military Retiree Benefits	\$ 35,800	8.2 %
Military Health Benefits	4,600	1.1
	Risk Total \$ <u>40,400</u>	<u>9.2</u> %
	Non-Risk Total \$ <u>396,711</u>	<u>90.8</u> %
	Outlay Total \$ <u>437,111</u>	<u>100.0</u> %
<b>Department of Education</b>		
Pell Grants	\$ 12,680	20.2 %
Title I	10,277	16.4
	Risk Total \$ <u>22,957</u>	<u>36.5</u> %
	Non-Risk Total \$ <u>39,857</u>	<u>63.5</u> %
	Outlay Total \$ <u>62,814</u>	<u>100.0</u> %

**Table 1: Risk-Susceptible Program Outlays**  
(Dollar amounts in millions)

<u>Department or Agency</u>	<u>FY 2004 Outlays (\$)</u>	<u>Percentage (%) of Agency Total</u>
<b>Department of Health and Human Services</b>		
Medicare	\$ 296,800	54.6 %
Medicaid	175,285	32.3
Temporary Assistance to Needy Families	17,725	3.3
HeadStart	6,555	1.2
Child Care and Development Fund	4,832	0.9
Foster Care	4,707	0.9
State Children's Health Insurance Program	4,607	0.8
Risk Total	\$ <u>510,511</u>	<u>94.0</u> %
Non-Risk Total	\$ <u>32,704</u>	<u>6.0</u> %
Outlay Total	\$ <u>543,215</u>	<u>100.0</u> %
<b>Department of Homeland Security</b>		
Risk Total	\$ <u>0</u>	<u>0.0</u> %
Non-Risk Total	\$ <u>26,665</u>	<u>100.0</u> %
Outlay Total	\$ <u>26,665</u>	<u>100.0</u> %
<b>Department of Housing and Urban Development</b>		
Public Housing/Rental Assistance	\$ 26,069	57.9 %
Single Family Property Management Activity	385	0.9
Risk Total	\$ <u>26,454</u>	<u>58.8</u> %
Non-Risk Total	\$ <u>18,570</u>	<u>41.2</u> %
Outlay Total	\$ <u>45,024</u>	<u>100.0</u> %
<b>Department of Labor</b>		
Unemployment Insurance	\$ 37,335	65.7 %
Workforce Investment Act	3,100	5.5
Federal Employment Compensation Act	2,544	4.5
Risk Total	\$ <u>42,979</u>	<u>75.7</u> %
Non-Risk Total	\$ <u>13,805</u>	<u>24.3</u> %
Outlay Total	\$ <u>56,784</u>	<u>100.0</u> %

**Table 1: Risk-Susceptible Program Outlays**  
(Dollar amounts in millions)

<u>Department or Agency</u>	<u>FY 2004 Outlays (\$)</u>	<u>Percentage (%) of Agency Total</u>
<b>Department of Transportation</b>		
Highway Planning/Construction Grants	\$ 30,049	55.1 %
Federal Transportation Formula Grants	4,836	8.9
Airport Improvement Program	2,961	5.4
Federal Transportation Capital Investment Grants	2,793	5.1
Risk Total	\$ <u>40,639</u>	<u>74.5</u> %
Non-Risk Total	\$ <u>13,900</u>	<u>25.5</u> %
Outlay Total	\$ <u>54,539</u>	<u>100.0</u> %
<b>Department of the Treasury</b>		
Earned Income Tax Credit	Risk Total \$ <u>39,400</u>	<u>74.0</u> %
	Non-Risk Total \$ <u>13,831</u>	<u>26.0</u> %
	Outlay Total \$ <u>53,231</u>	<u>100.0</u> %
<b>Department of Veterans Affairs</b>		
Compensation/Dependency & Indemnity	\$ 26,536	44.6 %
Loan Guaranty <sup>1</sup>	9,176	15.4
Pension	3,326	5.6
Education	2,306	3.9
Insurances	1,705	2.9
Vocational Rehabilitation	550	0.9
Risk Total	\$ <u>34,579</u>	<u>58.1</u> %
Non-Risk Total	\$ <u>24,971</u>	<u>41.9</u> %
Outlay Total	\$ <u>59,550</u>	<u>100.0</u> %
<b>Environmental Protection Agency</b>		
Clean & Drinking Water State Revolving Funds	Risk Total \$ <u>2,105</u>	<u>25.3</u> %
	Non-Risk Total \$ <u>6,230</u>	<u>74.7</u> %
	Outlay Total \$ <u>8,335</u>	<u>100.0</u> %

**Table 1: Risk-Susceptible Program Outlays**  
(Dollar amounts in millions)

<u>Department or Agency</u>	<u>FY 2004 Outlays (\$)</u>	<u>Percentage (%) of Agency Total</u>
<b>National Science Foundation</b>		
Education/Research Grants	Risk Total \$ 4,742	92.7 %
	Non-Risk Total \$ 376	7.3 %
	Outlay Total \$ <u>5,118</u>	<u>100.0 %</u>
<b>Office of Personnel Management</b>		
Federal Employee Retirement Programs	\$ 52,277	58.6 %
Federal Employee Health Benefit Programs	27,418	30.7
Federal Employee Life Insurance Programs	2,119	2.4
	Risk Total \$ <u>81,814</u>	<u>91.7 %</u>
	Non-Risk Total \$ <u>7,367</u>	<u>8.3 %</u>
	Outlay Total \$ <u>89,181</u>	<u>100.0 %</u>
<b>Small Business Administration</b>		
Small Business Investment Centers <sup>†</sup>	\$ 2,787	63.5 %
Disaster Loans <sup>1</sup>	806	18.4
7(a) Business Loans <sup>1</sup>	748	17.1
(504) Certified Development Company Debentures <sup>1</sup>	170	3.9
	Risk Total \$ <u>3,277</u>	<u>74.7 %</u>
	Non-Risk Total \$ <u>1,110</u>	<u>25.3 %</u>
	Outlay Total \$ <u>4,387</u>	<u>100.0 %</u>

**Table 1: Risk-Susceptible Program Outlays**  
(Dollar amounts in millions)

<u>Department or Agency</u>	<u>FY 2004 Outlays (\$)</u>	<u>Percentage (%) of Agency Total</u>
<b>Social Security Administration</b>		
Old-Age, Survivors, & Disability Insurance	\$ 488,000	92.0 %
Supplemental Security Income	39,000	7.4
Risk Total	\$ <u>527,000</u>	<u>99.4</u> %
Non-Risk Total	\$ <u>3,206</u>	<u>0.6</u> %
Outlay Total	\$ <u>530,206</u>	<u>100.0</u> %
<b>Total</b>	<b>Risk Total<sup>1</sup> \$ <u>1,420,365</u></b>	<b><u>61.8</u> %</b>
	<b>Non-Risk Total \$ <u>627,509</u></b>	<b><u>27.3</u> %</b>
	<b>Other Outlay Total \$ <u>249,493</u></b>	<b><u>10.9</u> %</b>
	<b>Outlay Total<sup>1</sup> \$ <u>2,297,367</u></b>	<b><u>100.0</u> %</b>

<sup>1</sup> The outlay amount shown for all credit programs reflect disbursements. The individual agency outlay totals and the overall outlay totals aggregate budget authority outlays for all programs.

**Table 2: Improper Payments Reported in FY 2004 PARs  
by Program**  
(Dollar amounts in millions)

<u>Department or Agency</u>	<u>FY 2004<sup>1</sup> Reported</u>		<u>FY 2005 Projected</u>		<u>FY 2006 Projected</u>		<u>FY 2007 Projected</u>	
	<u>Dollars</u>	<u>Percent</u>	<u>Dollars<sup>2</sup></u>	<u>Percent</u>	<u>Dollars<sup>2</sup></u>	<u>Percent</u>	<u>Dollars<sup>2</sup></u>	<u>Percent</u>
<b>Department of Agriculture</b>								
Food Stamps <sup>3, 4</sup>	\$ 1,613	6.64 %	\$ 1,603	6.60 %	\$ 1,579	6.50 %	\$ 1,506	6.20 %
Federal Crop Insurance Program	125	5.0	123	4.9	120	4.8	118	4.7
<b>Department of Defense</b>								
Military Retiree Benefits	\$ 34	0.10 %	\$ 33	0.09 %	\$ 32	0.09 %	\$ 31	0.09 %
Military Health Benefits	100	2.16	92	2.0	92	2.0	92	2.0
<b>Department of Education</b>								
Pell Grants	\$ 621	4.90 %	\$ 621	4.90 %	\$ 621	4.90 %	\$ 621	4.90 %
<b>Department of Health and Human Services</b>								
Medicare <sup>3, 5</sup>	\$ 21,705	10.10 %	\$ 16,977	7.90 %	\$ 14,828	6.90 %	\$ 11,605	5.40 %
HeadStart	255	3.9	229	3.5	203	3.1	184	2.8
<b>Department of Housing and Urban Development</b>								
Public Housing/Rental Assistance <sup>3</sup>	\$ 1,707	6.90 %	\$ 1,707	6.90 %	\$ 1,475	6.00 %	\$ 1,229	5.00 %
Single Family Property Management Activity <sup>3</sup>	26	6.8	15	4.0	10	2.5	6	1.5
<b>Department of Labor</b>								
Unemployment Insurance	\$ 3,861	10.34 %	\$ 3,786	10.14 %	\$ 3,713	9.94 %	\$ 3,601	9.64 %
Federal Employment Compensation Act	6.4	0.25	6.4	0.25	6.3	0.248	6.2	0.244
<b>Department of Transportation</b>								
Highway Planning/Construction Grants	\$ 0	0 %	\$ 0	0 %	\$ 0	0 %	\$ 0	0 %
Federal Transportation Formula Grants	0	0	0	0	0	0	0	0
Airport Improvement Program	0	0	0	0	0	0	0	0
Federal Transportation Capital Investment Grants	0	0	0	0	0	0	0	0
<b>Department of the Treasury</b>								
Earned Income Tax Credit <sup>3</sup>	See Note 6	See Note 6	See Note 6	See Note 6	See Note 6	See Note 6	See Note 6	See Note 6
<b>Department of Veterans Affairs</b>								
Compensation/Dependency & Indemnity	\$ 239	0.90 %	\$ 212	0.80 %	\$ 159	0.60 %	\$ 119	0.45 %
Pension	262	7.9	236	7.1	210	6.3	193	5.8
Education	55	2.4	53	2.3	53	2.3	51	2.2
Insurances	0.3	0.02	0.3	0.02	0.3	0.02	0.3	0.02



**Table 2: Improper Payments Reported in FY 2004 PARs  
by Program**  
(Dollar amounts in millions)

<u>Department or Agency</u>	<u>FY 2004<sup>1</sup> Reported</u>		<u>FY 2005 Projected</u>		<u>FY 2006 Projected</u>		<u>FY 2007 Projected</u>	
	<u>Dollars</u>	<u>Percent</u>	<u>Dollars<sup>2</sup></u>	<u>Percent</u>	<u>Dollars<sup>2</sup></u>	<u>Percent</u>	<u>Dollars<sup>2</sup></u>	<u>Percent</u>
<b>Environmental Protection Agency</b>								
Clean & Drinking Water State Revolving Funds	\$ 10.3	0.49 %	\$ 9.5	0.45 %	\$ 8.4	0.40 %	\$ 7.4	0.35 %
<b>National Science Foundation</b>								
Education/Research Grants	\$ 44	0.93 %	\$ 44	0.93 %	\$ 44	0.93 %	\$ 44	0.93 %
<b>Office of Personnel Management</b>								
Federal Employee Retirement Programs	\$ 193	0.37 %	\$ 188	0.36 %	\$ 183	0.35 %	\$ 178	0.34 %
Federal Employee Health Benefit Programs	87	0.32	84	0.31	82	0.30	79	0.29
Federal Employee Life Insurance Programs	4.7	0.22	4.4	0.21	4.4	0.21	4.4	0.21
<b>Small Business Administration</b>								
Small Business Investment Centers	\$ 129	4.70 %	\$ 70	2.50 %	\$ 70	2.50 %	\$ 70	2.50 %
Disaster Assistance	1	0.13	8	1.00	8	1.00	8	1.00
(504) Certified Development Company Debentures	0	0	0	0	0	0	0	0
<b>Social Security Administration</b>								
Old-Age, Survivors, & Disability Insurance <sup>3</sup>	\$ 1,707	0.34 %	\$ 1,952	0.40 %	\$ 2,040	0.40 %	\$ 2,140	0.40 %
Supplemental Security Income <sup>3</sup>	2,639	7.30	2,652	6.80	2,520	6.30	2,146	5.80
<b>Total</b>	<b>\$ <u>45,078</u></b>		<b>\$ <u>40,224</u></b>		<b>\$ <u>36,984</u></b>		<b>\$ <u>32,752</u></b>	

1. This column represents the improper payment amount and rate reported by each agency in FY 2004. During the development of agency-specific IPIA reports, OMB requested that agencies report improper payments based on the most recently available data. In some cases the values reflect an evaluation of payments made in FY 2004, while in other cases the values reflect an evaluation of payments made in FY 2003.

2. Projected improper payment amounts and rates assume the FY 2004 outlay total remains constant for FY 2005-2007, except for EITC, Old-Age, Survivors, and Disability Insurance, and Supplemental Security Income programs which are adjusted to reflect estimated outlay increases. In the remaining cases, while projected dollars provide a tangible measure of progress, they may not fully reflect the improper payment amount estimated for a given program.

3. The improper payment amount and rate reported in FY 2004 for these programs is based on a review of FY 2003 payments.

4. The improper payment amount shown for FY 2004 reflects the FY 2003 improper payment rate of 6.64% applied to the FY 2004 outlay total. Since publishing its PAR, USDA has updated its future year improper payment rate projections for this program, including an FY 2004 improper payment rate (to be reported in the FY 2005 PAR) of 5.7-6.6%. The FY 2005 column reflects the upper range of this estimate.

5. The improper payment amount and rate shown for FY 2004 is based on a review of the Fee-for-Service portion of the Medicare program which represents \$213.5 billion in outlays.

6. A comprehensive assessment of the EITC improper payment amount and rate was last performed in FY 2001 based on FY 1999 data. For FY 2004 reporting purposes, the Treasury Department has "aged" the previously reported rate using available data and statistical analyses. Based on limitations with this approach, the Treasury Department reports a range, rather than a single point estimate. The relevant ranges are as follows: FY 2004 - \$8,668 million to \$10,638 million (22% to 27%); FY 2005 - \$8,505 to \$10,500 (21% to 26%); FY 2006 - \$7,785 million to \$9,960 million (19% to 24%); FY 2007 - \$7,650 million to \$9,775 million. For the purposes of deriving government-wide totals, the midpoint of the EITC range is used.

**Table 3: Over and Under Payments  
2004 Improper Payment Reporting**  
(Dollar amounts in millions)

<u>Department or Agency</u>	<u>Over- payments</u>	<u>Under- payments</u>	<u>Gross \$</u>	<u>Net \$</u>
<b>Department of Agriculture</b> Food Stamps	\$ 1,227	\$ 386	\$ 1,613	\$ 841
<b>Department of Education</b> Pell Grants	\$ 393	\$ 228	\$ 621	\$ 165
<b>Department of Health and Human Services</b> Medicare	\$ 20,805	\$ 900	\$ 21,705	\$ 19,905
<b>Department of Housing and Urban Development</b> Public Housing/Rental Assistance	\$ 1,010	\$ 697	\$ 1,707	\$ 313
<b>Department of Labor</b> Unemployment Insurance	\$ 3,622	\$ 239	\$ 3,861	\$ 3,383
<b>Department of the Treasury</b>  Earned Income Tax Credit <sup>1</sup>	9,653 See Note 1	 See Note 1	9,653 See Note 1	9,653 See Note 1
<b>Department of Veterans Affairs</b> Compensation/Dependency & Indemnity Pension	\$ 145 269	\$ 111 15	\$ 256 284	\$ 34 254
<b>Office of Personnel Management</b> Federal Employee Retirement Programs Federal Employee Life Insurance Programs	\$ 198 1.6	\$ 167 3.1	\$ 365 4.7	\$ 31 -1.5
<b>Social Security Administration</b> Supplemental Security Income	\$ 1,794	\$ 468	\$ 2,262	\$ 1,326
<b>Total Where Known</b>	<b>\$ 39,118</b>	<b>\$ 3,214</b>	<b>\$ 42,332</b>	<b>\$ 35,904</b>
<b>Total Where Unknown</b>			<b>\$ 2,746</b>	
<b>Total</b>			<b>\$ 45,078</b>	

<sup>1</sup> Improper payment rates for this program are reported as a range. In FY 2004, the Department of Treasury reported an improper payment range of \$8,668 million to \$10,638 million. For the purposes of this report, all improper payments related to this program are considered overpayments. When totals are aggregated, the mid-point of the range is used.

**Table 4: Improper Payment Measurements for Risk Susceptible Programs not reported in FY2004**  
(Dollar amounts in millions)

<u>Department or Agency</u>	<u>FY 2004 Outlays</u>	<u>Measurement Expected</u>
<b>Department of Agriculture</b>		
Market Loan Assistance <sup>1</sup>	\$ 8,786	FY 2005
School Programs	8,390	FY 2006
Special Supplemental Nutrition Program for Women, Infants, and Children	4,764	FY 2006
Child and Adult Food Program	1,989	FY 2006
Natural Resource Conservation Service	1,027	FY 2005
Rental Assistance	710	FY 2005
<b>Department of Education</b>		
Title I	\$ 10,277	FY 2005
<b>Department of Health and Human Services</b>		
Medicaid	\$ 175,285	FY 2005
Temporary Assistance to Needy Families	17,725	To be determined
Child Care and Development Fund	4,832	FY 2005
Foster Care	4,707	FY 2005
State Children's Health Insurance Program	4,607	FY 2005
<b>Department of Homeland Security</b>		
Agency risk assessments in process	\$ 26,665	FY 2005
<b>Department of Labor</b>		
Workforce Investment Act	\$ 3,100	To be determined
<b>Department of Veterans Affairs</b>		
Loan Guaranty	\$ 9,176	FY 2005
	156	
Vocational Rehabilitation	550	FY 2005

**Table 4: Improper Payment Measurements for Risk Susceptible Programs not reported in FY2004**  
(Dollar amounts in millions)

<u>Department or Agency</u>	<u>FY 2004 Outlays</u>	<u>Measurement Expected</u>
<b>Small Business Administration</b>		
7(a) Business Loans <sup>1</sup>	\$ 748	FY 2005
<b>Outlay Total Not Reported</b>	\$ <u>265,926</u>	
<b>Outlay Total Reported</b>	\$ <u>1,154,439</u>	
<b>Outlay Total for All Risk</b>	\$ <u>1,420,365</u>	

<sup>1</sup> The outlay amount shown for all credit programs reflect disbursements. The overall outlay totals aggregate budget authority outlays for all programs.