



Office of Management and Budget

Improving the Accuracy and Integrity of Federal Payments

January 8, 2009

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I. INTRODUCTION

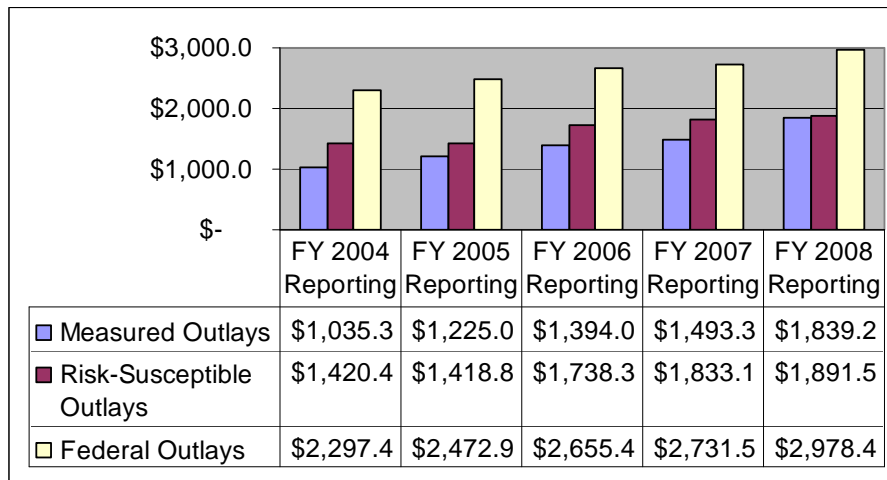
Improper payments occur when Federal funds go to the wrong recipient, the recipient receives the incorrect amount of funds, documentation is not available to support a payment, or the recipient uses the funds in an improper manner. Since the enactment of the Improper Payments Information Act (IPIA) of 2002 (Pub.L. No. 107-300) and the Recovery Auditing Act (Section 831 of the Defense Authorization Act for Fiscal Year 2002 (Pub.L. No. 107-107)), the Federal government has achieved measurable results in eliminating improper payments. These laws, as implemented through Office of Management and Budget (OMB) guidance (OMB Circular A-123, Appendix C), have created a permanent framework for assessing every Federal program and dollar for improper payment risk, measuring the accuracy of high risk payments annually, and initiating program improvements to ensure that payment errors and improprieties are reduced and ultimately eliminated.

The remainder of this report describes the progress agencies reported during fiscal year (FY) 2008. Focus is placed where efforts stand with respect to identifying high-risk programs, developing statistically valid improper payment estimates, and eliminating improper payments. The report concludes with a discussion of the outlook for improper payments beyond FY 2008.¹

II. FY 2008 RESULTS IN BRIEF

In FY 2008, the Federal government nearly closed the reporting gap by measuring over 97 percent of all high-risk outlays.² This means that Federal agencies are measuring virtually all significant sources of known error (Appendix 1). The three percent of unmeasured high-risk outlays (which will all report an error measurement by FY 2010) are from the Medicare prescription drug benefit program (Medicare Part D) and several smaller Department of Homeland Security programs (Appendix 2). Exhibit 1 illustrates the progress agencies have made in identifying and measuring Federal high-risk outlays since initial IPIA reporting.

Exhibit 1 – Total Measured, Risk Susceptible, and Measured Outlays (\$ in billions)



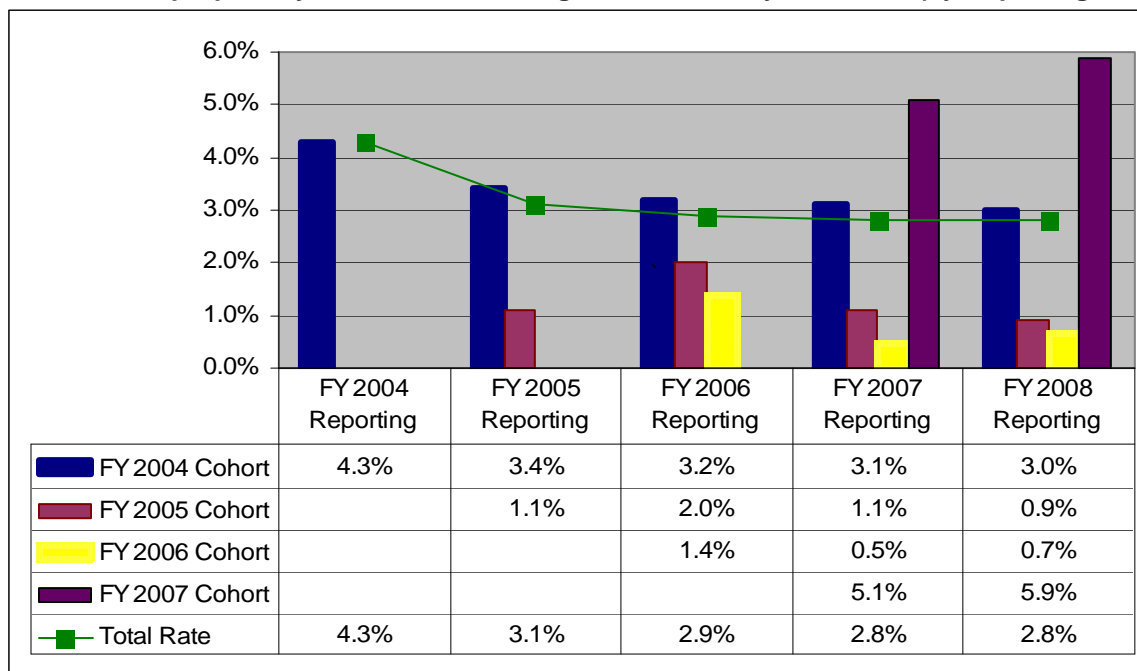
¹ Agency-specific reporting of improper payments for FY 2008 is provided in agency Performance and Accountability Reports (PARs) or Agency Financial Reports (AFRs) that are available on agency websites and on the Federal Chief Financial Officers Council's website: <http://www.cfoc.gov/index.cfm>. This report aggregates the results of the agency-specific reports, highlighting accomplishments and remaining challenges.

² Of the nearly \$3.0 trillion in total government outlays in FY 2008, Federal agencies identified \$1.9 trillion as high-risk for improper payments. The remaining \$1.1 trillion in Federal outlays that are not identified as high-risk is comprised of net interest on the public debt, contracts awarded, non-Department of Defense civilian compensation, and miscellaneous low-risk and/or small outlay programs.

The past five reporting years have shown that once an agency measures and reports program errors, it is able to implement corrective actions to reduce errors in subsequent years. Most profoundly, improvements in the programs originally reporting measurements in FY 2004 (i.e., the FY 2004 cohort) decreased errors from 4.3 percent in FY 2004 to 3.0 percent in FY 2008. In addition, agencies reduced the overall improper payment rate for programs previously measured (i.e., the rate for all programs regardless of year first measured) from 4.3 percent in FY 2004 to 2.8 percent in FY 2008. Exhibit 2 summarizes annual cohort and government-wide improper payment rates for all five years of IPIA reporting for programs previously measured.³ Program-specific improvements for FY 2008 include the following.

- The error rate for the Old Age, Survivors & Disability Insurance program fell from .5 percent to .3 percent, a \$541 million reduction in improper payments.
- The error rate for the Medicare Fee-For-Service program declined from 3.9 percent to 3.6 percent this year, a \$400 million reduction. This is the fifth consecutive year of error rate reductions in this program. In Fiscal Year 2004, the Medicare Fee-for-Service program reported a 10.1 percent error rate.
- The error rate for the Food Stamps program fell from 6.0 percent to 5.6 percent, an \$81 million reduction in improper payments and the lowest error rate in the history of this program.

Exhibit 2 – Improper Payment Rates For Programs Previously Measured (by Reporting Year)



Overall, improper payments for all FY 2008 measured programs totaled \$72.1 billion with an error rate of 3.9 percent (Appendix 3), compared to the FY 2007 improper payment amount of \$42.1 billion with

³ The FY 2007 cohort error rate reported in this year's report differs from the rate reported in last year's report (http://www.whitehouse.gov/omb/financial/fia/2007_ipia_final.pdf). Last year, the Medicaid Fee-for-Service component reported a preliminary error of 18.45 percent based on a review of 17 states for quarters 1 and 2 of FY 2006. In FY 2008, HHS completed the FY 2006 measurement of the Fee-for-Service component and reported an adjusted rate of 4.7 percent. In HHS' FY 2008 PAR, Medicaid reported a measurement on all of its components, and for the purpose of this report is now considered the first full year of Medicaid reporting (Exhibit 3).

an error rate of 2.8 percent.⁴ Much of the increase in the error rate and amount was driven by 12 programs that, in FY 2008, reported improper payment rates for the first time (Exhibit 3). Combined, these 12 programs reported an error rate of 10.3 percent with improper payments of \$28.9 billion. Medicaid and Medicare Advantage (Part C) accounted for more than 85 percent of the newly reported \$28.9 billion in errors. Notably, 70 percent of the errors in all of these newly measured programs were attributable to administrative errors including inadequate documentation. That is, all of the supporting documentation necessary to verify the accuracy of the claim or payment request was either not provided or not in the file. This cause is similar to what the Medicare Fee-for-Service program experienced and quickly resolved in its first years of reporting under the IPIA (decreasing its error rate from 10.1 percent in FY 2004 to 3.6 percent in FY 2008).

Exhibit 3 – Improper Payments in Programs Newly Measured in FY 2008 (\$ in millions)

| Program Name | Improper Payments | Error Rate |
|--|--------------------------|-------------------|
| Medicaid | 18,642.0 | 10.5% |
| Medicare Advantage (Part C) | 6,848.0 | 10.6% |
| Temporary Assistance for Needy Families (TANF) | 1,663.0 | 9.3% |
| State Children's Health Insurance Program (SCHIP) | 834.4 | 14.7% |
| Child Care and Development Fund (CCDF) | 573.0 | 11.5% |
| Immigration and Customs Enforcement (ICE) Federal Protective Service | 267.0 | 36.9% |
| U.S. Coast Guard (USCG) Active Duty Military Payroll | 21.0 | 0.9% |
| Veterans Administration (VA) CHAMPVA | 17.1 | 3.2% |
| ICE Detention and Removal Operations | 10.0 | 0.8% |
| ICE Investigations | 4.0 | 1.8% |
| Transportation Security Agency (TSA) Aviation Security - Payroll | 2.0 | 0.1% |
| USCG Contract Payments | 0.0 | 0.0% |
| Total | \$28,881.5 | 10.3% |

FY 2008 also marked the fifth year of reporting under the Recovery Auditing Act (Appendix 4) which allows agencies to recover erroneous contract payments.⁵ Reporting under the Recovery Auditing Act differs from the IPIA in that the Recovery Auditing Act does not require Federal agencies to report a statistically-based error measurement. Rather, the Recovery Auditing Act focuses on reviewing contract payments for overpayments and duplicate payments and *recovering* those payment errors.

⁴ The error amount and error rate for FY 2007 were revised from the previously reported amounts to reflect the inclusion of Medicaid in the FY 2008 cohort (as discussed in footnote 3).

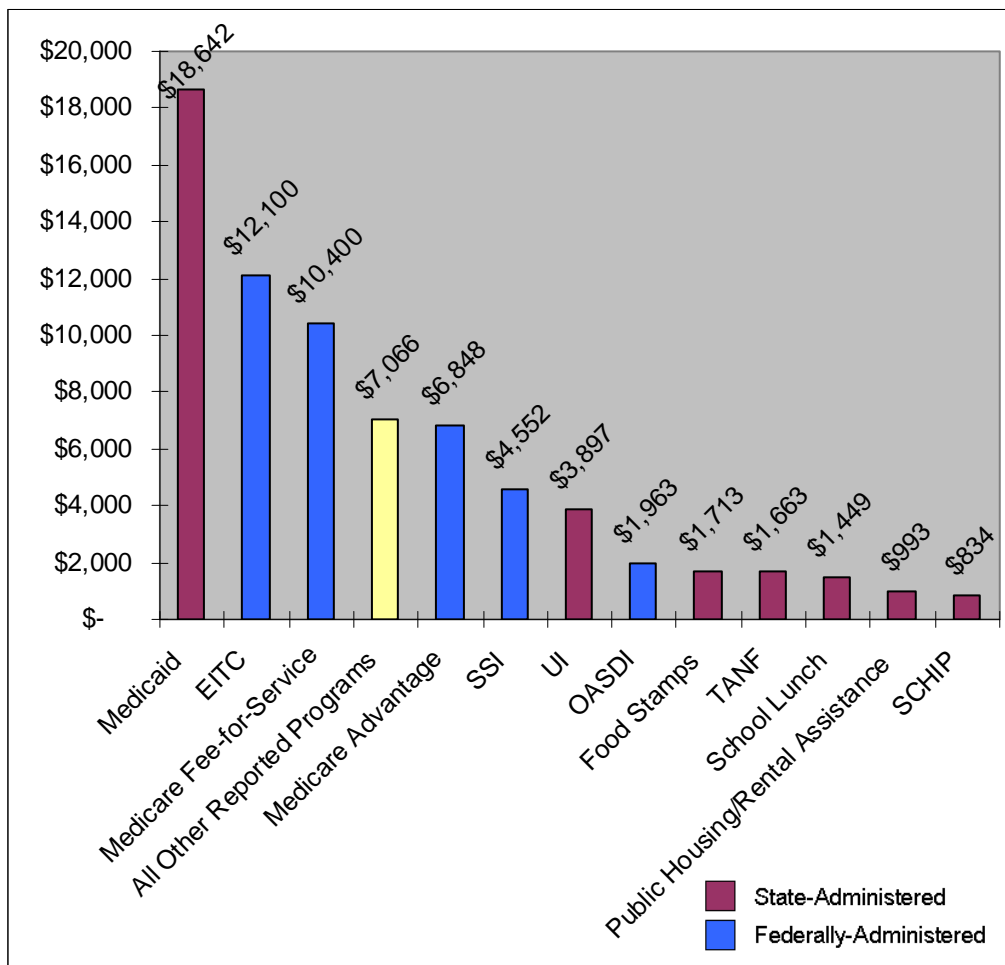
⁵ Four CFO Act agencies (i.e., the Nuclear Regulatory Commission, the National Science Foundation, the Office of Personnel Management, and the Small Business Administration) are not subject to the Recovery Auditing Act since they do not award annual contracts that exceed \$500 million.

Agencies identified approximately \$173.3 million in erroneous contract payments in FY 2008 and recovered \$132.4 million, or 76.4 percent. Four agencies (i.e., the Department of Defense, the Department of Veterans Affairs, the Department of State, and the Agency for International Development) accounted for 78.4 percent of the recovered dollars. Over the past five years, Federal agencies have recovered \$982 million in improper contract payments, reflecting a cumulative recovery rate of 52.5 percent.

III. FY 2008 ANALYSIS

In FY 2008, 12 programs accounted for approximately 90 percent of reported improper payments (approximately \$65.1 billion of the \$72.1 billion in total improper payments). The 12 programs included four programs newly measured in FY 2008: Medicaid, Medicare Advantage (Part C), SCHIP, and TANF. Exhibit 4 details the amount of improper payments in each of these 12 programs (and all other FY 2008 reported programs).

Exhibit 4 - FY 2008 Amount of Improper Payments by Major Program (\$ in millions)



Most of the programs in Exhibit 4 are means-tested programs, including the two programs reporting the most improper payments: Medicaid and the Earned Income Tax Credit (EITC) program. To receive benefits from a means-tested program, applicants' income must fall below defined levels and they may also have to meet other eligibility criteria. Eligibility is often difficult to verify in means-tested programs because similar eligibility criteria are often defined differently under different programs (e.g., household) requiring separate and distinct practices to verify eligibility for each program. Further,

eligibility often changes over time (i.e., a person may be eligible one month but may not be eligible another month).

Breaking-out the 12 programs identified in Exhibit 4 based on whether they are administered by states or the Federal government, shows a distinct difference in their reported errors. The combined error rate for the five Federally-administered programs was 1.4 percent while the combined error rate for the seven State-administered programs was 3.5 percent.⁶ The lower error rate among Federally-administered programs may be due to having standard eligibility rules across the program. State-administered programs must follow Federal eligibility regulations; however, each state can define additional (and unique) eligibility requirements. These unique state variances may increase the challenges of administering these programs and could contribute to the higher error rates.

The causes of program errors also differ across State and Federally-administered programs (Exhibit 5). As we have noted in previous reports, program errors generally fall into three categories: administrative and documentation, authentication and medical necessity, and verification and local administration. Error root causes across all measured programs (i.e., State and Federal) are distributed almost equally in the three error categories when State and Federally-administered programs are viewed together. However, the error distribution differs when programs are grouped by State and Federally-administered categories. Specifically, the majority of errors in State-administered programs are administrative and documentation errors, largely driven by Medicaid. Federally-administered programs report a higher percentage of authentication errors, largely driven by EITC (i.e., living arrangement) and Medicare Fee-for-Service (i.e., medical necessity).

Exhibit 5 – Causes of Error in the 12 State and Federally-Administered Programs Reporting the Most Improper Payments

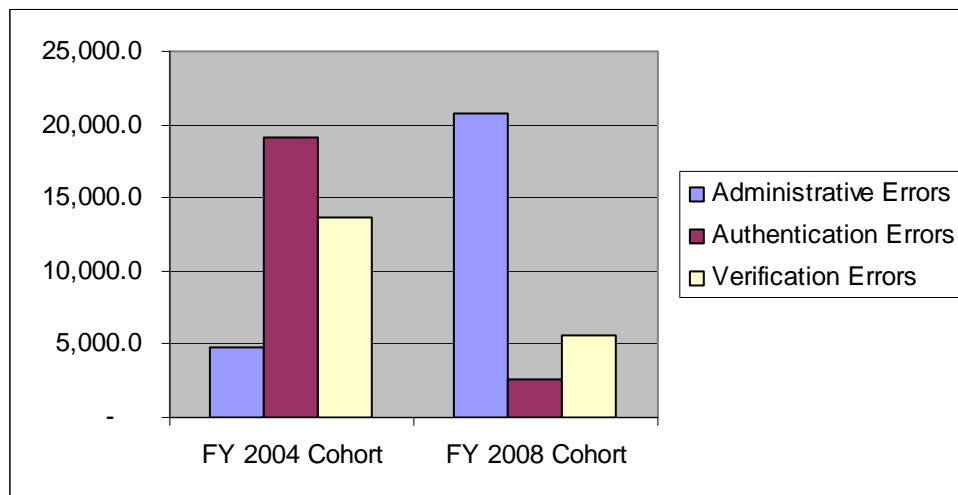
| Error Category | Error Definitions | State-Administered Programs | Federally-Administered Programs | All Programs |
|---|---|------------------------------------|--|---------------------|
| Administrative and Documentation Errors | Lacking supporting documentation necessary to verify the accuracy of the claim; or errors due to inputting, classifying, or processing applications or payments incorrectly at the Federal level | 46.6% | 30.7% | 38.2% |
| Authentication and Medical Necessity Errors | Inability to authenticate criteria such as living arrangement through third party sources or incorrectly assessing the necessity of a medical procedure | 13.1% | 50.7% | 31.7% |
| Verification and Local Administration Errors | Not verifying recipient information including earnings, income, assets, or work status; or errors due to inputting, classifying, or processing applications or payments incorrectly by a State agency or third party who is not the beneficiary | 40.2% | 18.7% | 30.1% |

Knowing the causes of program error is essential for taking corrective actions. Exhibit 6 shows the difference in root cause of error between the programs measured in FY 2008 that were first measured in FY 2004 versus those programs measured for the first time in FY 2008. Notably, administrative errors (e.g., documentation) in programs first reporting in FY 2004 are relatively small (approximately \$6.6

⁶ The higher error rate for State-administered programs was driven by several programs that were measured for the first time in FY 2008, including Medicaid, SCHIP, and TANF.

billion) whereas administrative errors in the programs first reporting in FY 2008 exceeds \$20 billion. Over the past five-years, documentation errors have proven to be the most frequent cause of error among newly measured programs and are among the first to be resolved. As noted in last year's report, once documentation errors are reduced, the remaining causes of program error (e.g., verification or authentication) prove to be more difficult to remediate.

Exhibit 6 – FY 2008 Causes of Improper Payments by Year First Reported (\$ in millions)



IV. FUTURE OUTLOOK AND CONCLUSION

To further reduce the \$72.1 billion in payment errors, Federal agencies must overcome significant obstacles to address error root causes and will need additional tools and resources to meet this steep goal. Federal agencies can achieve the greatest return on investment for the taxpayer by ensuring that improper payments are eliminated in the highest-risk programs (i.e., the 12 programs that comprise 90 percent of government-wide reported improper payment dollars). In pursuing these reforms, the government must balance its responsibilities for reducing improper payments with the goal of providing fast and accurate payments to millions of beneficiaries.

Program integrity reform is critical to the Federal government's efforts to eliminate improper payments. One such reform would allow adjustments for spending above a base level of funding within discretionary levels (or "cap adjustments"). These adjustments would provide additional resources for administrative program integrity and tax compliance efforts at the Social Security Administration, Internal Revenue Service, Department of Health and Human Services (HHS), Department of Labor, and their respective Offices of Inspector General. Program data show that these funds would generate program efficiencies that result in large, positive returns on investment for taxpayers as high as 11:1 and produce savings estimated as high as \$3.9 billion over ten years. Other reforms could include: (1) modernizing administrative processes for means-tested programs and (2) piloting programs to test potential accountability mechanisms with appropriate incentives and consequences tied to success in measuring and reducing errors (similar to the incentives and sanctions in the Food Stamp program).

In FY 2008, two pieces of legislation were enacted providing agencies and programs additional tools to reduce and recover improper payments by reducing administrative and verification errors.

- The Food, Conservation and Energy Act of 2008 (Pub.L. No. 110-234) included a provision that allows the Federal government to trace and recover federal payments sent electronically to the wrong account (For instance, the Federal government could recover misdirected and/or improper electronic tax refunds, Thrift Savings Plan withdrawals, and Office of Personnel Management annuity payments). This new authority will prevent improper payments from being accessed by

incorrect recipients and/or in incorrect amounts. The savings from this law are projected to be \$53 million the first year and \$717 million over ten years.

- The Supplemental Security Income Extension for Elderly and Disabled Refugees Act (Pub.L. No. 110-328) included a provision that allows states to recover unemployment compensation debts due to fraud from Federal income tax refunds. This new authority will potentially save as much as \$1.3 billion over ten years.

Last year's report discussed other proposals that were not enacted but could provide further savings in the Old Age, Survivors & Disability Insurance and Earned Income Tax Credit programs.⁷ If enacted, these proposals could have saved approximately \$10 billion over 10 years.

Further, agencies continue to implement previous proposals to reduce improper payments. The Department of Education and the Internal Revenue Service, consistent with Section 484(q) of the Higher Education Act and Section 6103(c) of the Internal Revenue Code, are continuing to implement a process to verify students' (and their parents') income, tax and certain household information appearing on their income tax return that they provided as part of their application for Federal student aid. Scheduled for implementation as early as calendar year 2010, this proposal will significantly reduce improper payments in the Pell Grant program that are a result of verification errors. This process could save much of the Pell Grant's estimated \$400 million in annual improper payments.

Last year, this report also highlighted legislation (Pub.L. No. 109-432) that required the Secretary of HHS to expand the Medicare Recovery Audit Contractor demonstration to all states. This demonstration recouped Medicare Trust Fund dollars that were improperly paid to hospitals, physicians, and other health care providers and ended on March 27, 2008. Over three years, the demonstration program collected \$992.7 million in payments determined to be improper and returned \$693.6 million to the Medicare Trust Fund. Contracts were awarded in October 2008 to four companies that will expand the Recovery Audit Contractor effort to all 50 states by FY 2010. This effort is an innovative method to eliminate and recover improper payments caused by administrative and documentation errors and authentication and medical necessity errors.

A critical component of agency compliance with the IPIA is establishing corrective action plans and future year projections for improved performance in reducing improper payments (Appendix 5). These projections reflect the reduction in improper payments that each agency believes it can achieve, accounting for process and internal control improvements, resource constraints, and other relevant factors. Exhibit 7 identifies the out-year improper payment rates based on agencies that reported projections in their FY 2008 PARs or AFRs.

Exhibit 7 – Estimated Improper Payment Reduction Targets for Reporting in FY 2009 Through FY 2011⁸

| | FY 2009 (Projected) | FY 2010 (Projected) | FY 2011 (Projected) |
|-----------------------|--------------------------------|--------------------------------|--------------------------------|
| FY 2004 Cohort | 2.8% | 2.7% | 2.7% |
| FY 2005 Cohort | 0.8% | 0.8% | 0.7% |
| FY 2006 Cohort | 0.5% | 0.5% | 0.4% |
| FY 2007 Cohort | 5.7% | 5.4% | 5.3% |

⁷ The report is available at http://www.whitehouse.gov/omb/financial/fia/2007_ipia_final.pdf.

⁸ This exhibit does not include the estimated improper payment reduction targets for the FY 2008 cohort because four newly reported programs (i.e., Medicaid, Medicare Advantage, TANF, and SCHIP) have yet to establish and publish reduction targets. Reduction targets for eight of the newly reported programs are included in Appendix 5.

Looking ahead, Federal leadership must ensure that improper payment remediation remains a top management priority for agencies. Further, additional actions are needed to implement effective and sustainable approaches to improper payments, including the following:

- *Prepare rigorous cost/benefit analyses for program integrity activities.* Without such analyses, Federal agencies lack a fundamental tool for determining how to best allocate resources to ensure error reduction targets are met without compromising the quality of program delivery.
- *Implement cross-cutting solutions for verifying eligibility of Federal fund recipients.* This report concludes that one of the primary causes of payment error across government is our inability to verify eligibility through third party data sources or other mechanisms. To address this, we must eliminate legislative and regulatory barriers to data access, evaluate opportunities to standardize definitions for eligibility criteria to create more opportunities for third party data matches, and initiate safeguards that balance expanded access with data privacy and security concerns.

**Appendix 1: FY 2008 Risk Susceptible Program Outlays as Reported
in FY 2008 PARs and AFRs**

**Appendix 1: FY 2008 Risk Susceptible Program Outlays as Reported in FY 2008 PARs and AFRs
by Program (\$ in millions)**

| <u>1st Year of High- Risk</u> | <u>Program Name</u> | <u>FY 2008 (est.) Outlays (\$)</u> | <u>Percent (%) of Agency Total</u> |
|--|--|--|--|
| Department of Agriculture | | | |
| 2004 | Federal Crop Insurance | \$3,508.0 | 3.9% |
| 2004 | Food Stamps | \$30,373.3 | 33.5% |
| 2005 | Farm Security & Rural Investment | \$1,137.7 | 1.3% |
| 2005 | Loan Deficiency Payments | \$134.5 | 0.1% |
| 2004 | Marketing Assistance Loan | \$4,981.0 | 5.5% |
| 2005 | Milk Income Loss | \$155.2 | 0.2% |
| 2004 | Rental Assistance | \$886.9 | 1.0% |
| 2005 | Wildland Fire Suppression | \$1,370.0 | 1.5% |
| 2004 | Child and Adult Care Food - FDC Homes- Tiering Component | \$728.0 | 0.8% |
| 2006 | Conservation Reserve | \$1,888.1 | 2.1% |
| 2006 | Direct & Counter-Cyclical Payments | \$7,144.4 | 7.9% |
| 2006 | Farm Service Disaster | \$153.7 | 0.2% |
| 2006 | Non-insured Assistance | \$125.9 | 0.1% |
| 2004 | Special Nutrition Program for Women, Infants, and Children (WIC) Vendor Error Component | \$3,950.0 | 4.4% |
| 2004 | School Breakfast | \$2,150.0 | 2.4% |
| 2004 | School Lunch | \$8,756.0 | 9.6% |
| | <i>Risk Total</i> | <i>\$67,442.4</i> | <i>74.3%</i> |
| | <i>Other Outlays</i> | <i>\$23,352.6</i> | <i>25.7%</i> |
| | <i>Outlay Total</i> | <i>\$90,795.0</i> | <i>100.0%</i> |
| Department of Defense--Military | | | |
| 2004 | Military Health Benefits | \$8,900.0 | 1.5% |
| 2004 | Military Retirement Benefits | \$35,640.8 | 6.0% |
| 2005 | Military Pay | \$72,083.3 | 12.1% |
| 2006 | Civilian Pay | \$26,412.7 | 4.4% |
| 2006 | Travel Pay | \$5,213.2 | 0.9% |
| | <i>Risk Total</i> | <i>\$148,250.0</i> | <i>24.9%</i> |
| | <i>Other Outlays</i> | <i>\$446,407.0</i> | <i>75.1%</i> |
| | <i>Outlay Total</i> | <i>\$594,657.0</i> | <i>100.0%</i> |
| Department of Education | | | |
| 2004 | Pell Grants | \$14,927.0 | 22.6% |
| 2005 | Federal Family Education Loan (FFEL) | \$22,835.0 | 34.6% |
| 2004 | Title I - Grants to States | \$12,597.0 | 19.1% |
| | <i>Risk Total</i> | <i>\$50,359.0</i> | <i>76.3%</i> |
| | <i>Other Outlays</i> | <i>\$15,601.0</i> | <i>23.7%</i> |
| | <i>Outlay Total</i> | <i>\$65,960.0</i> | <i>100.0%</i> |

**Appendix 1: FY 2008 Risk Susceptible Program Outlays as Reported in FY 2008 PARs and AFRs
by Program (\$ in millions)**

| <u>1st Year of High- Risk</u> | <u>Program Name</u> | <u>FY 2008 (est.) Outlays (\$)</u> | <u>Percent (%) of Agency Total</u> |
|--|---|--|--|
| Department of Health and Human Services | | | |
| 2004 | HeadStart | \$6,878.0 | 1.0% |
| 2004 | Medicare Fee-for-Service (FFS) | \$288,200.0 | 42.5% |
| 2004 | Foster Care-Title IV-E | \$1,551.0 | 0.2% |
| 2004 | Child Care and Development Fund (CCDF) | \$4,983.0 | 0.7% |
| 2004 | Medicaid | \$177,547.0 | 26.2% |
| 2006 | Medicare Advantage (Part C) | \$64,600.0 | 9.5% |
| 2004 | State Children's Health Insurance Program (SCHIP) | \$5,676.0 | 0.8% |
| 2004 | Temporary Assistance for Needy Families (TANF) | \$17,880.0 | 2.6% |
| 2006 | Medicare Prescription Drug Benefit (Part D) | \$46,127.0 | 6.8% |
| | <i>Risk Total</i> | \$613,442.0 | 90.5% |
| | <i>Other Outlays</i> | \$64,376.0 | 9.5% |
| | <i>Outlay Total</i> | \$677,818.0 | 100.0% |
| Department of Homeland Security | | | |
| 2006 | Disaster Relief Fund Vendor Payments | \$1,908.0 | 4.7% |
| 2006 | Individuals & Households Program | \$636.0 | 1.6% |
| 2007 | CBP Custodial Refund & Drawback | \$7,118.0 | 17.5% |
| 2007 | Aviation Security - Payroll | \$2,012.0 | 5.0% |
| 2007 | Detention and Removal Operations | \$1,232.0 | 3.0% |
| 2006 | Federal Protective Service | \$723.0 | 1.8% |
| 2007 | ICE Investigations | \$227.0 | 0.6% |
| 2007 | USCG Active Duty Military Payroll | \$2,448.0 | 6.0% |
| 2007 | USCG Contract Payments | \$1,811.0 | 4.5% |
| 2007 | Assistance to Firefighters | \$485.0 | 1.2% |
| 2007 | Homeland Security Grant Program | \$2,041.0 | 5.0% |
| 2007 | Infrastructure Protection Program | \$112.0 | 0.3% |
| 2007 | National Flood Insurance Program | \$55.0 | 0.1% |
| 2007 | Public Assistance Programs | \$3,481.0 | 8.6% |
| | <i>Risk Total</i> | \$24,289.0 | 59.8% |
| | <i>Other Outlays</i> | \$16,321.0 | 40.2% |
| | <i>Outlay Total</i> | \$40,610.0 | 100.0% |
| Department of Housing and Urban Development | | | |
| 2004 | Public Housing / Rental Assistance | \$28,152.0 | 57.3% |
| | <i>Risk Total</i> | \$28,152.0 | 57.3% |
| | <i>Other Outlays</i> | \$20,936.1 | 42.7% |
| | <i>Outlay Total</i> | \$49,088.0 | 100.0% |

**Appendix 1: FY 2008 Risk Susceptible Program Outlays as Reported in FY 2008 PARs and AFRs
by Program (\$ in millions)**

| <u>1st Year of High- Risk</u> | <u>Program Name</u> | <u>FY 2008 (est.) Outlays (\$)</u> | <u>Percent (%) of Agency Total</u> |
|---------------------------------------|---|--|--|
| Department of Labor | | | |
| 2004 | Federal Employees Compensation Act (FECA) | \$2,737.0 | 5.0% |
| 2004 | Unemployment Insurance (UI) | \$39,123.0 | 70.9% |
| 2004 | Workforce Investment Act (WIA) | \$3,547.0 | 6.4% |
| | <i>Risk Total</i> | <i>\$45,407.0</i> | <i>82.3%</i> |
| | <i>Other Outlays</i> | <i>\$9,785.0</i> | <i>17.7%</i> |
| | <i>Outlay Total</i> | <i>\$55,192.0</i> | <i>100.0%</i> |
| Department of State | | | |
| 2007 | Business Class Travel | \$25.8 | 0.2% |
| | <i>Risk Total</i> | <i>\$25.8</i> | <i>0.2%</i> |
| | <i>Other Outlays</i> | <i>\$16,490.2</i> | <i>99.8%</i> |
| | <i>Outlay Total</i> | <i>\$16,516.0</i> | <i>100.0%</i> |
| Department of the Treasury | | | |
| 2004 | Earned Income Tax Credit (EITC) | \$47,600.0 | 8.7% |
| | <i>Risk Total</i> | <i>\$47,600.0</i> | <i>8.7%</i> |
| | <i>Other Outlays</i> | <i>\$501,210.0</i> | <i>91.3%</i> |
| | <i>Outlay Total</i> | <i>\$548,810.0</i> | <i>100.0%</i> |
| Department of Transportation | | | |
| 2004 | FHWA Highway Planning/Construction | \$32,190.0 | 49.9% |
| 2004 | FAA Airport Improvement Program | \$4,428.0 | 6.9% |
| 2004 | FTA Capital Investment Grants Program | \$2,473.0 | 3.8% |
| 2004 | FTA Formula Grants Program | \$7,298.0 | 11.3% |
| | <i>Risk Total</i> | <i>\$46,389.0</i> | <i>71.9%</i> |
| | <i>Other Outlays</i> | <i>\$18,122.0</i> | <i>28.1%</i> |
| | <i>Outlay Total</i> | <i>\$64,511.0</i> | <i>100.0%</i> |
| Department of Veterans Affairs | | | |
| 2004 | Compensation/Dependency & Indemnity | \$33,727.0 | 40.0% |
| 2004 | Education | \$2,856.0 | 3.4% |
| 2004 | Pension | \$3,663.0 | 4.3% |
| 2005 | Loan Guaranty | \$903.0 | 1.1% |
| 2007 | Fee Program | \$1,941.0 | 2.3% |
| 2008 | CHAMPVA | \$538.7 | 0.6% |
| | <i>Risk Total</i> | <i>\$43,628.7</i> | <i>51.8%</i> |
| | <i>Other Outlays</i> | <i>\$40,597.3</i> | <i>48.2%</i> |
| | <i>Outlay Total</i> | <i>\$84,226.0</i> | <i>100.0%</i> |

**Appendix 1: FY 2008 Risk Susceptible Program Outlays as Reported in FY 2008 PARs and AFRs
by Program (\$ in millions)**

| <u>1st Year of High- Risk</u> | <u>Program Name</u> | <u>FY 2008 (est.) Outlays (\$)</u> | <u>Percent (%) of Agency Total</u> |
|--|---|--|--|
| Environmental Protection Agency | | | |
| 2004 | Clean & Drinking Water State Revolving Fund (SRF) | \$2,100.0 | 27.2% |
| | <i>Risk Total</i> | \$2,100.0 | 27.2% |
| | <i>Other Outlays</i> | \$5,629.9 | 72.8% |
| | <i>Outlay Total</i> | \$7,729.9 | 100.0% |
| Federal Communications Commission | | | |
| 2005 | Universal Service Fund - High Cost | \$4,164.4 | 54.4% |
| 2007 | Universal Service Fund - Low Income | \$794.7 | 10.4% |
| 2005 | Universal Service Fund - Schools and | \$1,686.2 | 22.0% |
| | <i>Risk Total</i> | \$6,645.3 | 86.9% |
| | <i>Other Outlays</i> | \$1,004.7 | 13.1% |
| | <i>Outlay Total</i> | \$7,650.0 | 100.0% |
| International Assistance Programs | | | |
| 2005 | USAID Cash Transfers | \$2,187.0 | 19.2% |
| 2005 | USAID Contracts | \$5,767.0 | 50.6% |
| 2005 | USAID Grants & Cooperative Agreements | \$3,126.0 | 27.4% |
| | <i>Risk Total</i> | \$11,080.0 | 97.2% |
| | <i>Other Outlays</i> | \$325.0 | 2.8% |
| | <i>Outlay Total</i> | \$11,405.0 | 100.0% |
| Office of Personnel Management | | | |
| 2004 | Federal Employee Health Benefit Program | \$35,323.5 | 31.9% |
| 2004 | Federal Employee Life Insurance Program | \$2,487.7 | 2.2% |
| 2004 | Federal Employee Retirement Programs | \$63,025.0 | 56.9% |
| | <i>Risk Total</i> | \$100,836.2 | 91.0% |
| | <i>Other Outlays</i> | \$9,926.8 | 9.0% |
| | <i>Outlay Total</i> | \$110,763.0 | 100.0% |
| Railroad Retirement Board | | | |
| 2004 | Railroad Unemployment Insurance Program | \$107.0 | 0.9% |
| 2004 | Retirement and Survivors Benefits | \$9,812.5 | 79.1% |
| | <i>Risk Total</i> | \$9,919.5 | 80.0% |
| | <i>Other Outlays</i> | \$2,486.5 | 20.0% |
| | <i>Outlay Total</i> | \$12,406.0 | 100.0% |

**Appendix 1: FY 2008 Risk Susceptible Program Outlays as Reported in FY 2008 PARs and AFRs
by Program (\$ in millions)**

| <u>1st Year of High- Risk</u> | <u>Program Name</u> | <u>FY 2008 (est.) Outlays (\$)</u> | <u>Percent (%) of Agency Total</u> |
|---------------------------------------|---|--|--|
| Small Business Administration | | | |
| 2004 | (504) Certified Development Company Debentures (CDC) | \$5,245.6 | 19.4% |
| 2004 | Disaster Assistance Loans | \$825.8 | 3.0% |
| 2004 | Small Business Investment Centers (SBIC) | \$2,283.0 | 8.4% |
| 2004 | 7(a) Business Loans | \$1,230.9 | 4.5% |
| 2007 | 7(a) Guaranty Approvals | \$11,739.1 | 43.3% |
| 2007 | CDC Loans Guaranteed | \$5,245.6 | 19.4% |
| | <i>Risk Total</i> | \$26,570.0 | 98.1% |
| | <i>Other Outlays</i> | \$528.0 | 1.9% |
| | <i>Outlay Total</i> | \$27,098.0 | 100.0% |
| Social Security Administration | | | |
| 2004 | Old Age, Survivors & Disability Insurance (OASDI) | \$576,800.0 | 87.7% |
| 2004 | Supplemental Security Income (SSI) | \$42,600.0 | 6.5% |
| | <i>Risk Total</i> | \$619,400.0 | 94.2% |
| | <i>Other Outlays</i> | \$38,389.0 | 5.8% |
| | <i>Outlay Total</i> | \$657,789.0 | 100.0% |
| | Risk Total | \$1,891,536.0 | 63.5% |
| | Risk Total with Measurement | \$1,839,235.0 | |
| | Other Outlay Total (including net interest on the public debt) | \$1,086,897.0 | 36.5% |
| | TOTAL FEDERAL OUTLAYS | \$2,978,433.0 | 100.0% |

**Appendix 1: FY 2008 Risk Susceptible Program Outlays as Reported in FY 2008 PARs and AFRs
by Program (\$ in millions)**

Notes:

¹ The outlay amounts shown for agencies with credit programs reflect disbursements and/or loan approvals.

² Figure includes additional funds representing loan approvals that are not included in the overall Federal outlay figure for FY 2008, such as the ones referenced in Note 1 (above).

³ The source for the total outlay figure is the Combined Statement of Receipts, Outlays, and Balances, 2008 Combined Statement, available at: <http://www.fms.treas.gov/annualreport/index.html>.

**Appendix 2: Outlays for Risk Susceptible Programs Not Reporting
Measurements in FY 2008**

**Appendix 2: Outlays for Risk Susceptible Programs Not Reporting Measurements in FY 2008
(\$ in millions)**

| <u>1st Year of High- Risk</u> | <u>Program Name</u> | <u>Rate Expected</u> | <u>FY 2008 (est.) Outlays (\$)</u> | <u>Percent (%) of Agency Total</u> |
|--|--|--------------------------|--|--|
| Department of Health and Human Services | | | | |
| 2006 | Medicare Prescription Drug Benefit (Part D) | FY 2010 | \$46,127.0 | 100.0% |
| | <i>Subtotal of Unmeasured</i> | | \$46,127.0 | |
| Department of Homeland Security | | | | |
| 2007 | Assistance to Firefighters | FY 2009 | \$485.0 | 7.9% |
| 2007 | Homeland Security Grant Program | FY 2009 | \$2,041.0 | 33.1% |
| 2007 | Infrastructure Protection Program | FY 2009 | \$112.0 | 1.8% |
| 2007 | National Flood Insurance Program | FY 2009 | \$55.0 | 0.9% |
| 2007 | Public Assistance Programs | FY 2009 | \$3,481.0 | 56.4% |
| | <i>Subtotal of Unmeasured</i> | | \$6,174.0 | |
| | Outlay Total Where Measurement not Reported | | \$52,301.0 | 1.8% |
| | Outlay Total Where Measurement Reported | | \$1,839,235.0 | 61.8% |
| | Outlay Total for All High Risk Outlays | | \$1,891,536.0 | |
| | Other Outlays | | \$1,086,897.0 | 36.5% |
| | TOTAL FEDERAL OUTLAYS | | \$2,978,433.0 | 100.0% |

**Appendix 3: Improper Payments Reported Between FY 2004 and FY 2008 in PARs
and AFRs by Program**

Appendix 3: Improper Payments Reported Between FY 2004 and FY 2008 in PARs and AFRs by Program (\$ in millions)

| <u>1st Rate Program Name</u> | <u>FY 2004 Reported</u> | | | <u>FY 2006 Reported</u> | | | <u>FY 2007 Reported</u> | | | <u>FY 2008 Reported</u> | | | |
|--|---|-------------------|------------------|-------------------------|--------------------|------------------|-------------------------|--------------------|------------------|-------------------------|--------------------|------------------|-------------|
| | <u>Outlays</u> | <u>Dollars</u> | <u>Rate</u> | <u>Outlays</u> | <u>Dollars</u> | <u>Rate</u> | <u>Outlays</u> | <u>Dollars</u> | <u>Rate</u> | <u>Outlays</u> | <u>Dollars</u> | <u>Rate</u> | |
| Department of Agriculture¹ | | | | | | | | | | | | | |
| 2004 | Federal Crop Insurance | \$2,500.0 | \$125.0 | 5.0% | \$3,206.0 | \$62.0 | 1.9% | \$2,364.0 | \$63.0 | 2.7% | \$3,508.0 | \$164.9 | 4.7% |
| 2004 | Food Stamps | \$24,298.0 | \$1,613.0 | 6.6% | \$28,160.0 | \$1,645.0 | 5.8% | \$29,942.0 | \$1,794.0 | 6.0% | \$30,373.3 | \$1,713.4 | 5.6% |
| 2005 | Farm Security & Rural Investment | | | | \$1,375.0 | \$3.0 | 0.2% | \$227.0 | \$1.0 | 0.4% | \$1,137.7 | \$0.0 | 0.0% |
| 2005 | Loan Deficiency Payments | | | | \$4,790.0 | \$443.0 | 9.2% | \$4,071.0 | \$18.0 | 0.4% | \$134.5 | \$0.8 | 0.6% |
| 2005 | Marketing Assistance Loan | | | | \$7,950.0 | \$1,611.0 | 20.3% | \$6,306.0 | \$458.0 | 7.3% | \$4,981.0 | \$91.7 | 1.8% |
| 2005 | Milk Income Loss | | | | | | | \$351.0 | \$8.0 | 2.3% | \$155.2 | \$0.3 | 0.2% |
| 2005 | Rental Assistance | | | | \$569.0 | \$22.0 | 3.9% | \$855.0 | \$26.0 | 3.0% | \$886.9 | \$35.0 | 3.9% |
| 2005 | Wildland Fire Suppression | | | | \$285.0 | \$7.0 | 2.5% | \$1,412.0 | \$13.0 | 0.9% | \$1,370.0 | \$0.2 | 0.0% |
| 2006 | Child and Adult Care Food - FDC Homes-Tiering Component | | | | \$864.0 | \$16.0 | 1.9% | \$738.0 | \$12.0 | 1.6% | \$728.0 | \$11.4 | 1.6% |
| 2006 | Conservation Reserve | | | | \$1,815.0 | \$64.0 | 3.5% | \$1,851.0 | \$9.0 | 0.5% | \$1,888.1 | \$23.9 | 1.3% |
| 2006 | Direct & Counter-Cyclical Payments | | | | \$8,546.0 | \$424.0 | 5.0% | \$9,550.0 | \$37.0 | 0.4% | \$7,144.4 | \$47.2 | 0.7% |
| 2006 | Farm Service Disaster | | | | \$2,365.0 | \$291.0 | 12.3% | \$368.0 | \$25.0 | 6.8% | \$153.7 | \$4.8 | 3.1% |
| 2006 | Non-insured Assistance | | | | \$109.0 | \$25.0 | 22.9% | \$64.0 | \$8.0 | 12.5% | \$125.9 | \$17.8 | 14.1% |
| 2006 | Special Nutrition Program for Women, Infants, and Children (WIC) Vendor Error Component | | | | \$3,525.0 | \$21.0 | 0.6% | \$3,598.0 | \$25.0 | 0.7% | \$3,950.0 | \$34.0 | 0.9% |
| 2007 | School Breakfast | | | | | | | \$2,086.0 | \$520.0 | 24.9% | \$2,150.0 | \$538.0 | 25.0% |
| 2007 | School Lunch | | | | | | | \$8,602.0 | \$1,402.0 | 16.3% | \$8,756.0 | \$1,449.0 | 16.5% |
| | <i>Subtotal of Measured Programs</i> | <i>\$26,798.0</i> | <i>\$1,738.0</i> | <i>6.5%</i> | <i>\$63,559.0</i> | <i>\$4,634.0</i> | <i>7.3%</i> | <i>\$72,385.0</i> | <i>\$4,419.0</i> | <i>6.1%</i> | <i>\$67,442.4</i> | <i>\$4,132.5</i> | <i>6.1%</i> |
| Department of Defense--Military | | | | | | | | | | | | | |
| 2004 | Military Health Benefits | \$4,600.0 | \$100.0 | 2.2% | \$8,651.1 | \$83.5 | 1.0% | \$9,500.0 | \$88.6 | 0.9% | \$8,900.0 | \$178.0 | 2.0% |
| 2004 | Military Retirement Benefits | \$35,800.0 | \$34.0 | 0.1% | \$35,897.1 | \$49.4 | 0.1% | \$37,116.4 | \$48.7 | 0.1% | \$35,640.8 | \$44.0 | 0.1% |
| 2005 | Military Pay | | | | \$72,437.4 | \$65.9 | 0.1% | \$72,889.1 | \$370.0 | 0.5% | \$72,083.3 | \$434.6 | 0.6% |
| 2006 | Civilian Pay | | | | \$33,163.4 | \$16.7 | 0.1% | \$29,159.3 | \$74.6 | 0.3% | \$26,412.7 | \$73.9 | 0.3% |
| 2006 | Travel Pay | | | | \$5,212.2 | \$29.4 | 0.6% | \$5,779.6 | \$43.6 | 0.8% | \$5,213.2 | \$103.3 | 2.0% |
| | <i>Subtotal of Measured Programs</i> | <i>\$40,400.0</i> | <i>\$134.0</i> | <i>0.3%</i> | <i>\$155,361.2</i> | <i>\$244.9</i> | <i>0.2%</i> | <i>\$154,444.4</i> | <i>\$625.5</i> | <i>0.4%</i> | <i>\$148,250.0</i> | <i>\$833.8</i> | <i>0.6%</i> |

Appendix 3: Improper Payments Reported Between FY 2004 and FY 2008 in PARs and AFRs by Program (\$ in millions)

| <u>1st Rate Program Name</u> | <u>FY 2004 Reported</u> | | | <u>FY 2006 Reported</u> | | | <u>FY 2007 Reported</u> | | | <u>FY 2008 Reported</u> | | |
|--|-------------------------|-------------------|-------------|-------------------------|-------------------|-------------|-------------------------|-------------------|-------------|-------------------------|-------------------|-------------|
| | <u>Outlays</u> | <u>Dollars</u> | <u>Rate</u> | <u>Outlays</u> | <u>Dollars</u> | <u>Rate</u> | <u>Outlays</u> | <u>Dollars</u> | <u>Rate</u> | <u>Outlays</u> | <u>Dollars</u> | <u>Rate</u> |
| Department of Education | | | | | | | | | | | | |
| 2004 Pell Grants | \$12,680.0 | \$621.0 | 4.9% | \$12,117.0 | \$422.0 | 3.5% | \$12,725.0 | \$446.0 | 3.5% | \$14,927.0 | \$613.0 | 4.1% |
| 2005 Federal Family Education Loan (FFEL) | | | | \$18,245.0 | \$401.0 | 2.2% | \$11,718.0 | \$258.0 | 2.2% | \$22,835.0 | \$384.0 | 1.7% |
| 2005 Title I - Grants to States | | | | \$12,597.0 | \$25.0 | 0.2% | \$12,520.0 | \$64.8 | 0.5% | \$12,597.0 | \$40.0 | 0.3% |
| <i>Subtotal of Measured Programs</i> | <i>\$12,680.0</i> | <i>\$621.0</i> | <i>4.9%</i> | <i>\$42,959.0</i> | <i>\$848.0</i> | <i>2.0%</i> | <i>\$36,963.0</i> | <i>\$768.8</i> | <i>2.1%</i> | <i>\$50,359.0</i> | <i>\$1,037.0</i> | <i>2.1%</i> |
| Department of Health and Human Services | | | | | | | | | | | | |
| 2004 HeadStart | \$6,555.0 | \$255.0 | 3.9% | \$6,786.0 | \$210.0 | 3.1% | \$6,771.0 | \$88.0 | 1.3% | \$6,878.0 | \$206.3 | 3.0% |
| 2004 Medicare Fee-for-Service (FFS) | \$213,546.2 | \$21,631.3 | 10.1% | \$246,800.0 | \$10,800.0 | 4.4% | \$276,200.0 | \$10,800.0 | 3.9% | \$288,200.0 | \$10,400.0 | 3.6% |
| 2005 Foster Care-Title IV-E | | | | \$1,750.0 | \$134.0 | 7.7% | \$1,565.0 | \$51.6 | 3.3% | \$1,551.0 | \$99.6 | 6.4% |
| 2008 Child Care and Development Fund (CCDF) | | | | | | | | | | \$4,983.0 | \$573.0 | 11.5% |
| 2008 Medicaid ² | | | | | | | | | | \$177,547.0 | \$18,642.0 | 10.5% |
| 2008 Medicare Advantage (Part C) | | | | | | | | | | \$64,600.0 | \$6,848.0 | 10.6% |
| 2008 State Children's Health Insurance Program (SCHIP) | | | | | | | | | | \$5,676.0 | \$834.4 | 14.7% |
| 2008 Temporary Assistance for Needy Families (TANF) | | | | | | | | | | \$17,880.0 | \$1,663.0 | 9.3% |
| <i>Subtotal of Measured Programs</i> | <i>\$220,101.2</i> | <i>\$21,886.3</i> | <i>9.9%</i> | <i>\$255,336.0</i> | <i>\$11,144.0</i> | <i>4.4%</i> | <i>\$284,536.0</i> | <i>\$10,939.6</i> | <i>3.8%</i> | <i>\$567,315.0</i> | <i>\$39,266.3</i> | <i>6.9%</i> |
| Department of Homeland Security | | | | | | | | | | | | |
| 2006 Disaster Relief Fund Vendor Payments | | | | \$6,747.0 | \$159.0 | 2.4% | \$1,782.0 | \$42.0 | 2.4% | \$1,908.0 | \$144.0 | 7.5% |
| 2006 Individuals & Households Program | | | | \$3,902.0 | \$334.0 | 8.6% | \$932.0 | \$88.0 | 9.4% | \$636.0 | \$46.0 | 7.2% |
| 2007 CBP Custodial Refund & Drawback | | | | | | | \$7,119.0 | \$9.0 | 0.1% | \$7,118.0 | \$2.0 | 0.0% |
| 2008 Aviation Security - Payroll | | | | | | | | | | \$2,012.0 | \$2.0 | 0.1% |
| 2008 Detention and Removal Operations | | | | | | | | | | \$1,232.0 | \$10.0 | 0.8% |
| 2008 Federal Protective Service | | | | | | | | | | \$723.0 | \$267.0 | 36.9% |
| 2008 ICE Investigations | | | | | | | | | | \$227.0 | \$4.0 | 1.8% |
| 2008 USCG Active Duty Military Payroll | | | | | | | | | | \$2,448.0 | \$21.0 | 0.9% |
| 2008 USCG Contract Payments | | | | | | | | | | \$1,811.0 | \$0.0 | 0.0% |
| <i>Subtotal of Measured Programs</i> | | | | <i>\$10,649.0</i> | <i>\$493.0</i> | <i>4.6%</i> | <i>\$9,833.0</i> | <i>\$139.0</i> | <i>1.4%</i> | <i>\$18,115.0</i> | <i>\$496.0</i> | <i>2.7%</i> |

Appendix 3: Improper Payments Reported Between FY 2004 and FY 2008 in PARs and AFRs by Program (\$ in millions)

| <u>1st Rate Program Name</u> | <u>FY 2004 Reported</u> | | | <u>FY 2006 Reported</u> | | | <u>FY 2007 Reported</u> | | | <u>FY 2008 Reported</u> | | | |
|--|--|-------------------|------------------|-------------------------|-------------------|-------------------|-------------------------|-------------------|-------------------|-------------------------|-------------------|-------------------|--------------|
| | <u>Outlays</u> | <u>Dollars</u> | <u>Rate</u> | <u>Outlays</u> | <u>Dollars</u> | <u>Rate</u> | <u>Outlays</u> | <u>Dollars</u> | <u>Rate</u> | <u>Outlays</u> | <u>Dollars</u> | <u>Rate</u> | |
| Department of Housing and Urban Development | | | | | | | | | | | | | |
| 2004 | Community Development Block Grant ³ | \$4,924.0 | \$5.0 | 0.1% | \$4,832.0 | \$4.0 | 0.1% | | | | | | |
| 2004 | Public Housing / Rental Assistance | \$24,581.0 | \$1,707.0 | 6.9% | \$27,242.0 | \$1,464.0 | 5.4% | \$27,505.0 | \$1,519.0 | 5.5% | \$28,152.0 | \$992.5 | 3.5% |
| 2004 | Single Family Housing ³ | \$382.0 | \$26.0 | 6.8% | | | | | | | | | |
| | <i>Subtotal of Measured Programs</i> | <i>\$29,887.0</i> | <i>\$1,738.0</i> | <i>5.8%</i> | <i>\$32,074.0</i> | <i>\$1,468.0</i> | <i>4.6%</i> | <i>\$27,505.0</i> | <i>\$1,519.0</i> | <i>5.5%</i> | <i>\$28,152.0</i> | <i>\$992.5</i> | <i>3.5%</i> |
| Department of Labor | | | | | | | | | | | | | |
| 2004 | Federal Employees Compensation Act (FECA) | \$2,544.0 | \$6.4 | 0.3% | \$2,555.0 | \$0.7 | 0.0% | \$2,654.0 | \$2.6 | 0.1% | \$2,737.0 | \$0.5 | 0.0% |
| 2004 | Unemployment Insurance (UI) | \$37,335.0 | \$3,861.0 | 10.3% | \$30,976.0 | \$3,376.0 | 10.9% | \$31,530.0 | \$3,248.0 | 10.3% | \$39,123.0 | \$3,897.0 | 10.0% |
| 2005 | Workforce Investment Act (WIA) | | | | \$3,763.0 | \$6.4 | 0.2% | \$3,606.0 | \$2.9 | 0.1% | \$3,547.0 | \$2.5 | 0.1% |
| | <i>Subtotal of Measured Programs</i> | <i>\$39,879.0</i> | <i>\$3,867.4</i> | <i>9.7%</i> | <i>\$37,294.0</i> | <i>\$3,383.1</i> | <i>9.1%</i> | <i>\$37,790.0</i> | <i>\$3,253.5</i> | <i>8.6%</i> | <i>\$45,407.0</i> | <i>\$3,900.0</i> | <i>8.6%</i> |
| Department of State | | | | | | | | | | | | | |
| 2006 | International Information Program | | | | \$28.0 | \$7.0 | 25.0% | \$23.7 | \$1.0 | 4.4% | | | |
| 2006 | International Narcotics & Law Enforcement | | | | \$313.0 | \$12.0 | 3.8% | | | | | | |
| 2007 | Business Class Travel | | | | | | | \$16.0 | \$0.7 | 4.1% | \$25.8 | \$0.3 | 1.0% |
| | <i>Subtotal of Measured Programs</i> | | | | <i>\$341.0</i> | <i>\$19.0</i> | <i>5.6%</i> | <i>\$39.7</i> | <i>\$1.7</i> | <i>4.3%</i> | <i>\$25.8</i> | <i>\$0.3</i> | <i>1.0%</i> |
| Department of the Treasury | | | | | | | | | | | | | |
| 2004 | Earned Income Tax Credit (EITC) ⁴ | \$39,400.0 | \$9,653.0 | 24.5% | \$42,100.0 | \$10,700.0 | 25.4% | \$44,500.0 | \$11,350.0 | 25.5% | \$47,600.0 | \$12,100.0 | 25.4% |
| | <i>Subtotal of Measured Programs</i> | <i>\$39,400.0</i> | <i>\$9,653.0</i> | <i>24.5%</i> | <i>\$42,100.0</i> | <i>\$10,700.0</i> | <i>25.4%</i> | <i>\$44,500.0</i> | <i>\$11,350.0</i> | <i>25.5%</i> | <i>\$47,600.0</i> | <i>\$12,100.0</i> | <i>25.4%</i> |
| Department of Transportation | | | | | | | | | | | | | |
| 2006 | FHWA Highway Planning/Construction | | | | \$35,571.0 | \$30.0 | 0.1% | \$33,347.0 | \$55.2 | 0.2% | \$32,190.0 | \$55.1 | 0.2% |
| 2007 | FAA Airport Improvement Program | | | | | | | \$3,874.0 | \$0.0 | 0.0% | \$4,428.0 | \$1.0 | 0.0% |
| 2007 | FTA Capital Investment Grants Program | | | | | | | \$2,663.0 | \$29.3 | 1.1% | \$2,473.0 | \$87.0 | 3.5% |
| 2007 | FTA Formula Grants Program | | | | | | | \$6,281.0 | \$4.3 | 0.1% | \$7,298.0 | \$47.6 | 0.7% |
| | <i>Subtotal of Measured Programs</i> | | | | <i>\$35,571.0</i> | <i>\$30.0</i> | <i>0.1%</i> | <i>\$46,165.0</i> | <i>\$88.8</i> | <i>0.2%</i> | <i>\$46,389.0</i> | <i>\$190.7</i> | <i>0.4%</i> |

Appendix 3: Improper Payments Reported Between FY 2004 and FY 2008 in PARs and AFRs by Program (\$ in millions)

| <u>1st Rate Program Name</u> | <u>FY 2004 Reported</u> | | | <u>FY 2006 Reported</u> | | | <u>FY 2007 Reported</u> | | | <u>FY 2008 Reported</u> | | | |
|--|---|-------------------|----------------|-------------------------|-------------------|----------------|-------------------------|-------------------|----------------|-------------------------|-------------------|------------------|--------------|
| | <u>Outlays</u> | <u>Dollars</u> | <u>Rate</u> | <u>Outlays</u> | <u>Dollars</u> | <u>Rate</u> | <u>Outlays</u> | <u>Dollars</u> | <u>Rate</u> | <u>Outlays</u> | <u>Dollars</u> | <u>Rate</u> | |
| Department of Veterans Affairs | | | | | | | | | | | | | |
| 2004 | Compensation/Dependency & Indemnity | \$24,750.0 | \$256.0 | 1.0% | \$28,711.0 | \$306.0 | 1.1% | \$30,915.0 | \$240.8 | 0.8% | \$33,727.0 | \$340.2 | 1.0% |
| 2004 | Education | \$2,129.0 | \$52.0 | 2.4% | \$2,611.0 | \$32.0 | 1.2% | \$2,754.0 | \$101.0 | 3.7% | \$2,856.0 | \$63.7 | 2.2% |
| 2004 | Insurances ³ | \$1,676.0 | \$0.3 | 0.0% | | | | | | | | | |
| 2004 | Pension | \$3,219.0 | \$284.0 | 8.8% | \$3,383.0 | \$371.0 | 11.0% | \$3,525.0 | \$303.9 | 8.6% | \$3,663.0 | \$375.1 | 10.2% |
| 2005 | Loan Guaranty | | | | \$1,137.0 | \$4.0 | 0.4% | \$876.0 | \$4.7 | 0.5% | \$903.0 | \$3.9 | 0.4% |
| 2005 | Vocational Rehabilitation/Employment | | | | \$583.0 | \$6.0 | 1.0% | \$573.0 | \$4.0 | 0.7% | | | |
| 2007 | Fee Program | | | | | | | \$1,578.0 | \$92.6 | 5.9% | \$1,941.0 | \$24.8 | 1.3% |
| 2008 | CHAMPVA | | | | | | | | | | \$538.7 | \$17.1 | 3.2% |
| | <i>Subtotal of Measured Programs</i> | <i>\$31,774.0</i> | <i>\$592.3</i> | <i>1.9%</i> | <i>\$36,425.0</i> | <i>\$719.0</i> | <i>2.0%</i> | <i>\$40,221.0</i> | <i>\$747.0</i> | <i>1.9%</i> | <i>\$43,628.7</i> | <i>\$824.8</i> | <i>1.9%</i> |
| Environmental Protection Agency | | | | | | | | | | | | | |
| 2004 | Clean & Drinking Water State Revolving Fund (SRF) ³ | \$2,105.0 | \$10.0 | 0.5% | \$2,300.0 | \$3.5 | 0.2% | \$2,300.0 | \$1.6 | 0.1% | \$2,100.0 | \$8.3 | 0.4% |
| | <i>Subtotal of Measured Programs</i> | <i>\$2,105.0</i> | <i>\$10.0</i> | <i>0.5%</i> | <i>\$2,300.0</i> | <i>\$3.5</i> | <i>0.2%</i> | <i>\$2,300.0</i> | <i>\$1.6</i> | <i>0.1%</i> | <i>\$2,100.0</i> | <i>\$8.3</i> | <i>0.4%</i> |
| Federal Communications Commission⁵ | | | | | | | | | | | | | |
| 2007 | Universal Service Fund - High Cost | | | | | | | \$3,748.0 | \$620.0 | 16.5% | \$4,164.4 | \$970.3 | 23.3% |
| 2007 | Universal Service Fund - Low Income | | | | | | | \$796.0 | \$75.5 | 9.5% | \$794.7 | \$75.5 | 9.5% |
| 2007 | Universal Service Fund - Schools and Libraries | | | | | | | \$1,630.0 | \$210.0 | 12.9% | \$1,686.2 | \$232.7 | 13.8% |
| | <i>Subtotal of Measured Programs</i> | | | | | | | <i>\$6,174.0</i> | <i>\$905.5</i> | <i>14.7%</i> | <i>\$6,645.3</i> | <i>\$1,278.5</i> | <i>19.2%</i> |
| International Assistance Programs | | | | | | | | | | | | | |
| 2005 | USAID Cash Transfers | | | | \$851.0 | \$7.0 | 0.8% | \$1,418.0 | \$3.0 | 0.2% | \$2,187.0 | \$2.0 | 0.1% |
| 2005 | USAID Contracts | | | | | | | | | | \$5,767.0 | \$69.0 | 1.2% |
| 2005 | USAID Grants & Cooperative Agreements | | | | | | | | | | \$3,126.0 | \$36.0 | 1.2% |
| 2005 | USAID Grants, Contracts and Cooperative Agreements ⁶ | | | | \$6,846.0 | \$15.0 | 0.2% | \$7,841.0 | \$96.0 | 1.2% | | | |
| | <i>Subtotal of Measured Programs</i> | | | | <i>\$7,697.0</i> | <i>\$22.0</i> | <i>0.3%</i> | <i>\$9,259.0</i> | <i>\$99.0</i> | <i>1.1%</i> | <i>\$11,080.0</i> | <i>\$107.0</i> | <i>1.0%</i> |
| National Science Foundation | | | | | | | | | | | | | |
| 2004 | Research and Education Grants ³ | \$4,742.0 | \$4.0 | 0.1% | | | | | | | | | |
| | <i>Subtotal of Measured Programs</i> | <i>\$4,742.0</i> | <i>\$4.0</i> | <i>0.1%</i> | | | | | | | | | |

Appendix 3: Improper Payments Reported Between FY 2004 and FY 2008 in PARs and AFRs by Program (\$ in millions)

| <u>1st Rate Program Name</u> | <u>FY 2004 Reported</u> | | | <u>FY 2006 Reported</u> | | | <u>FY 2007 Reported</u> | | | <u>FY 2008 Reported</u> | | | |
|---------------------------------------|--|--------------------|------------------|-------------------------|--------------------|------------------|-------------------------|--------------------|------------------|-------------------------|--------------------|------------------|-------------|
| | <u>Outlays</u> | <u>Dollars</u> | <u>Rate</u> | <u>Outlays</u> | <u>Dollars</u> | <u>Rate</u> | <u>Outlays</u> | <u>Dollars</u> | <u>Rate</u> | <u>Outlays</u> | <u>Dollars</u> | <u>Rate</u> | |
| Office of Personnel Management | | | | | | | | | | | | | |
| 2004 | Federal Employee Health Benefit Program | \$27,200.0 | \$87.0 | 0.3% | \$31,700.0 | \$63.0 | 0.2% | \$33,477.4 | \$168.7 | 0.5% | \$35,323.5 | \$83.7 | 0.2% |
| 2004 | Federal Employee Life Insurance Program | \$2,119.0 | \$5.0 | 0.2% | \$1,380.0 | \$1.0 | 0.1% | \$2,395.3 | \$0.8 | 0.0% | \$2,487.7 | \$0.6 | 0.0% |
| 2004 | Federal Employee Retirement Programs | \$52,300.0 | \$193.0 | 0.4% | \$57,900.0 | \$254.0 | 0.4% | \$60,420.1 | \$253.5 | 0.4% | \$63,025.0 | \$245.9 | 0.4% |
| | <i>Subtotal of Measured Programs</i> | <i>\$81,619.0</i> | <i>\$285.0</i> | <i>0.3%</i> | <i>\$90,980.0</i> | <i>\$318.0</i> | <i>0.3%</i> | <i>\$96,292.8</i> | <i>\$423.0</i> | <i>0.4%</i> | <i>\$100,836.2</i> | <i>\$330.2</i> | <i>0.3%</i> |
| Railroad Retirement Board | | | | | | | | | | | | | |
| 2005 | Railroad Unemployment Insurance Program | | | | \$111.2 | \$2.6 | 2.3% | \$105.6 | \$2.7 | 2.6% | \$107.0 | \$2.1 | 2.0% |
| 2005 | Retirement and Survivors Benefits | | | | \$9,197.9 | \$151.8 | 1.7% | \$9,457.4 | \$128.6 | 1.4% | \$9,812.5 | \$92.7 | 0.9% |
| | <i>Subtotal of Measured Programs</i> | | | | <i>\$9,309.1</i> | <i>\$154.4</i> | <i>1.7%</i> | <i>\$9,563.0</i> | <i>\$131.3</i> | <i>1.4%</i> | <i>\$9,919.5</i> | <i>\$94.8</i> | <i>1.0%</i> |
| Small Business Administration | | | | | | | | | | | | | |
| 2004 | (504) Certified Development Company Debentures (CDC) | \$170.0 | \$0.0 | 0.0% | \$4,274.0 | \$0.0 | 0.0% | \$6,282.0 | \$0.0 | 0.0% | \$5,245.6 | \$0.0 | 0.0% |
| 2004 | Disaster Assistance Loans | \$806.0 | \$0.0 | 0.0% | \$11,170.0 | \$89.0 | 0.8% | \$819.7 | \$4.5 | 0.5% | \$825.8 | \$6.1 | 0.7% |
| 2004 | Small Business Investment Centers (SBIC) | \$2,787.0 | \$129.0 | 4.6% | \$2,709.0 | \$0.0 | 0.0% | \$2,525.0 | \$4.0 | 0.2% | \$2,283.0 | \$0.0 | 0.0% |
| 2005 | 7(a) Business Loans | | | | \$651.0 | \$10.0 | 1.5% | \$610.2 | \$2.6 | 0.4% | \$1,230.9 | \$6.5 | 0.5% |
| 2007 | 7(a) Guaranty Approvals | | | | | | | \$13,517.0 | \$0.0 | 0.0% | \$11,739.1 | \$0.0 | 0.0% |
| 2007 | CDC Loans Guarantied | | | | | | | \$6,282.0 | \$0.0 | 0.0% | \$5,245.6 | \$0.0 | 0.0% |
| | <i>Subtotal of Measured Programs</i> | <i>\$3,763.0</i> | <i>\$129.0</i> | <i>3.4%</i> | <i>\$18,804.0</i> | <i>\$99.0</i> | <i>0.5%</i> | <i>\$30,035.9</i> | <i>\$11.1</i> | <i>0.0%</i> | <i>\$26,570.0</i> | <i>\$12.6</i> | <i>0.0%</i> |
| Social Security Administration | | | | | | | | | | | | | |
| 2004 | Old Age, Survivors & Disability Insurance (OASDI) | \$466,500.0 | \$1,707.0 | 0.4% | \$514,200.0 | \$3,280.0 | 0.6% | \$545,000.0 | \$2,504.0 | 0.5% | \$576,800.0 | \$1,963.0 | 0.3% |
| 2004 | Supplemental Security Income (SSI) | \$35,706.0 | \$2,639.0 | 7.4% | \$39,068.0 | \$3,028.0 | 7.8% | \$40,328.0 | \$4,089.0 | 10.1% | \$42,600.0 | \$4,552.0 | 10.7% |
| | <i>Subtotal of Measured Programs</i> | <i>\$502,206.0</i> | <i>\$4,346.0</i> | <i>0.9%</i> | <i>\$553,268.0</i> | <i>\$6,308.0</i> | <i>1.1%</i> | <i>\$585,328.0</i> | <i>\$6,593.0</i> | <i>1.1%</i> | <i>\$619,400.0</i> | <i>\$6,515.0</i> | <i>1.1%</i> |

Appendix 3: Improper Payments Reported Between FY 2004 and FY 2008 in PARs and AFRs by Program (\$ in millions)

| <u>1st Rate Program Name</u> | FY 2004 Reported | | | FY 2006 Reported | | | FY 2007 Reported | | | FY 2008 Reported | | |
|---|------------------|----------------|-------------|------------------|----------------|-------------|------------------|----------------|-------------|------------------|----------------|-------------|
| | <u>Outlays</u> | <u>Dollars</u> | <u>Rate</u> | <u>Outlays</u> | <u>Dollars</u> | <u>Rate</u> | <u>Outlays</u> | <u>Dollars</u> | <u>Rate</u> | <u>Outlays</u> | <u>Dollars</u> | <u>Rate</u> |
| Total FY 2004 Programs | \$1,035,354.2 | \$45,003.9 | 4.3% | \$1,148,728.2 | \$36,244.1 | 3.2% | \$1,211,548.9 | \$37,119.8 | 3.1% | \$1,276,975.7 | \$37,948.3 | 3.0% |
| Total FY 2005 Programs ⁷ | | | | \$143,138.5 | \$2,914.7 | 2.0% | \$136,401.3 | \$1,512.9 | 1.1% | \$144,411.9 | \$1,301.0 | 0.9% |
| Total FY 2006 Programs | | | | \$102,160.6 | \$1,429.1 | 1.4% | \$87,192.6 | \$420.4 | 0.5% | \$80,349.9 | \$561.3 | 0.7% |
| Subtotal FY 2004 - 2006 Programs | | | | \$1,394,027.3 | \$40,587.9 | 2.9% | \$1,435,142.8 | \$39,053.1 | 2.7% | \$1,501,737.4 | \$39,810.6 | 2.7% |
| Total FY 2007 Programs | | | | | | | \$58,192.0 | \$2,963.4 | 5.1% | \$57,819.9 | \$3,428.1 | 5.9% |
| Subtotal FY 2004 - 2007 Programs | | | | | | | \$1,493,334.8 | \$42,016.5 | 2.8% | \$1,559,557.3 | \$43,238.7 | 2.8% |
| Total FY 2008 Programs | | | | | | | | | | \$279,677.7 | \$28,881.5 | 10.3% |
| GRAND TOTAL OF FY 2004 - 2008 PROGRAMS | | | | | | | | | | \$1,839,235.0 | \$72,120.2 | 3.9% |

Appendix 3: Improper Payments Reported Between FY 2004 and FY 2008 in PARs and AFRs by Program (\$ in millions)

Notes:

¹ Error rate information for the Marketing Assistance Loan, Direct & Counter-Cyclical Payments, Non-insured Assistance, and the Conservation Reserve programs may be slightly different than the error rates reported in USDA's FY 2008 PAR.

² In FY 2007, Medicaid reported a preliminary error rate of 18.45 percent for its Fee-for-Service component based on a review of 17 states for quarters 1 and 2 of FY 2006. In FY 2008, HHS completed the FY 2006 measurement of the Fee-for-Service component and reported an adjusted rate of 4.7 percent. In FY 2008, Medicaid measured all of its components, and for the purpose of this report, all of Medicaid is included in the FY 2008 cohort.

³ OMB approved reporting relief for these formerly high-risk programs.

⁴ The National Research Project analysis based on tax year 2001 data was completed during FY 2005. Because the data is more than three years old, Treasury statisticians have "aged" the data to project current and out-year improper payments totals.

⁵ As of January 8, 2009, the Federal Communications Corporation had not yet released its final FY 2008 improper payments amount or rate. As such, information for FY 2008 is preliminary and may change.

⁶ The International Assistance Programs previously reported USAID Grants, Contracts and Cooperative Agreements as one program. For its FY 2008 AFR, International Assistance Programs reported separate outlays, improper payment amounts, and error rates for USAID Contracts and USAID Grants and Cooperative Agreements.

⁷ Agency outlays, improper payment amounts, and error rates for FY 2005 are not included in this report's Appendix 2. This information is available at http://www.whitehouse.gov/omb/financial/fia/2007_ipia_final.pdf.

PLEASE NOTE: Figures in Appendix 3 may vary slightly from previous reporting years due to rounding, as well as updates to the figures based on more current information. Further, error rate information reflects data reported in FY 2008, but may reflect earlier measurement periods (e.g., errors reported in FY 2008 may be for measurement periods prior to FY 2008).

**Appendix 4: Agency Recovery Auditing Reporting Between FY 2004
and FY 2008**

Appendix 4: Agency Recovery Auditing Reporting Between FY 2004 and FY 2008 (\$ in millions)

| <u>Fiscal Year</u> | <u>Amount Subject to Review</u> | <u>Amount Reviewed</u> | <u>Amount Identified</u> | <u>Amount Recovered</u> | <u>Recovery Rate</u> |
|--|---|----------------------------|------------------------------|-----------------------------|--------------------------|
| Department of Agriculture | | | | | |
| 2004 | \$3,700.0 | \$118.0 | \$0.0 | \$0.0 | |
| 2005 | \$4,965.0 | \$2,428.0 | \$0.3 | \$0.2 | |
| 2006 | \$7,549.0 | \$5,945.0 | \$0.4 | \$0.5 | |
| 2007 | \$5,266.7 | \$3,183.0 | \$0.2 | \$0.2 | |
| 2008 | \$5,308.5 | \$4,570.2 | \$0.0 | \$0.1 | |
| <i>Cumulative Sub Total</i> | \$26,789.2 | \$16,244.1 | \$1.0 | \$1.0 | 102.1% |
| Department of Commerce | | | | | |
| 2006 | \$459.7 | \$398.3 | \$0.1 | \$0.1 | |
| 2007 | \$254.7 | \$97.0 | \$0.0 | \$0.0 | |
| 2008 | \$88.9 | \$68.8 | \$0.0 | \$0.0 | |
| <i>Cumulative Sub Total</i> | \$803.3 | \$564.1 | \$0.1 | \$0.1 | 100.0% |
| Department of Defense--Military | | | | | |
| 2004 | \$11,200.0 | \$11,200.0 | \$20.8 | \$20.8 | |
| 2005 | \$222,800.0 | \$222,800.0 | \$473.0 | \$418.5 | |
| 2006 | \$299,400.0 | \$299,400.0 | \$340.2 | \$137.9 | |
| 2007 | \$189,300.0 | \$189,300.0 | \$24.6 | \$19.6 | |
| 2008 | \$331,192.0 | \$331,192.0 | \$53.3 | \$41.7 | |
| <i>Cumulative Sub Total</i> | \$1,053,892.0 | \$1,053,892.0 | \$911.9 | \$638.5 | 70.0% |
| Department of Education | | | | | |
| 2004 | \$1,171.0 | \$1,171.0 | \$0.0 | \$0.0 | |
| 2005 | \$1,393.0 | \$0.0 | \$0.3 | \$0.1 | |
| 2006 | \$1,285.0 | \$1,285.0 | \$0.0 | \$0.0 | |
| 2008 | \$1,598.0 | \$22.0 | \$0.0 | \$0.0 | |
| <i>Cumulative Sub Total</i> | \$5,447.0 | \$2,478.0 | \$0.3 | \$0.1 | 42.9% |
| Department of Energy | | | | | |
| 2004 | \$0.0 | \$11,944.0 | \$6.0 | \$6.0 | |
| 2005 | \$24,113.0 | \$11,387.0 | \$10.6 | \$9.5 | |
| 2006 | \$9,620.0 | \$9,620.0 | \$11.9 | \$10.3 | |
| 2007 | \$20,570.0 | \$9,231.0 | \$15.0 | \$10.0 | |
| 2008 | \$19.4 | \$9.8 | \$11.0 | \$10.0 | |
| <i>Cumulative Sub Total</i> | \$54,322.4 | \$42,191.8 | \$54.5 | \$45.8 | 84.0% |
| Department of Health and Human Services¹ | | | | | |
| 2005 | \$12,600.0 | \$11,100.0 | \$2.1 | \$0.0 | |
| 2006 | \$12,600.0 | \$12,600.0 | \$1.6 | \$0.0 | |
| 2007 | \$24,200.0 | \$24,200.0 | \$0.6 | \$0.0 | |
| <i>Cumulative Sub Total</i> | \$49,400.0 | \$47,900.0 | \$4.3 | \$0.1 | 1.4% |

Appendix 4: Agency Recovery Auditing Reporting Between FY 2004 and FY 2008 (\$ in millions)

| <u>Fiscal Year</u> | <u>Amount Subject to Review</u> | <u>Amount Reviewed</u> | <u>Amount Identified</u> | <u>Amount Recovered</u> | <u>Recovery Rate</u> |
|--|---|----------------------------|------------------------------|-----------------------------|--------------------------|
| Department of Homeland Security | | | | | |
| 2005 | \$3,232.0 | \$3,232.0 | \$2.2 | \$1.2 | |
| 2006 | \$13,400.0 | \$11,125.0 | \$502.0 | \$0.0 | |
| 2007 | \$17,199.0 | \$17,199.0 | \$1.8 | \$1.2 | |
| 2008 | \$9,384.0 | \$9,384.0 | \$0.9 | \$0.7 | |
| <i>Cumulative Sub Total</i> | <i>\$43,215.0</i> | <i>\$40,940.0</i> | <i>\$507.0</i> | <i>\$3.1</i> | <i>0.6%</i> |
| Department of Housing and Urban Development¹ | | | | | |
| 2004 | \$2,271.0 | \$207.0 | \$0.0 | \$0.0 | |
| <i>Cumulative Sub Total</i> | <i>\$2,271.0</i> | <i>\$207.0</i> | <i>\$0.0</i> | <i>\$0.0</i> | <i>0.0%</i> |
| Department of Justice | | | | | |
| 2004 | \$23,406.0 | \$10,298.0 | \$1.0 | \$0.8 | |
| 2005 | \$6,668.0 | \$4,607.0 | \$1.0 | \$0.8 | |
| 2006 | \$11,310.0 | \$8,002.0 | \$1.9 | \$1.7 | |
| 2007 | \$12,302.1 | \$9,841.8 | \$3.4 | \$3.5 | |
| 2008 | \$8,649.3 | \$8,649.3 | \$2.3 | \$1.7 | |
| <i>Cumulative Sub Total</i> | <i>\$62,335.4</i> | <i>\$41,398.1</i> | <i>\$9.6</i> | <i>\$8.5</i> | <i>89.1%</i> |
| Department of Labor | | | | | |
| 2008 | \$1,751.0 | \$1,751.0 | \$0.0 | \$0.0 | |
| <i>Cumulative Sub Total</i> | <i>\$1,751.0</i> | <i>\$1,751.0</i> | <i>\$0.0</i> | <i>\$0.0</i> | <i>0.0%</i> |
| Department of State | | | | | |
| 2005 | \$30,600.0 | \$30,600.0 | \$5.4 | \$5.2 | |
| 2006 | \$35,591.0 | \$35,591.0 | \$2.4 | \$2.3 | |
| 2007 | \$23,200.0 | \$23,200.0 | \$5.4 | \$4.9 | |
| 2008 | \$4,800.0 | \$4,800.0 | \$15.4 | \$14.3 | |
| <i>Cumulative Sub Total</i> | <i>\$94,191.0</i> | <i>\$94,191.0</i> | <i>\$28.6</i> | <i>\$26.7</i> | <i>93.4%</i> |
| Department of the Interior | | | | | |
| 2004 | \$0.0 | \$0.0 | \$0.8 | \$0.8 | |
| 2005 | \$4,700.0 | \$4,790.0 | \$0.3 | \$0.3 | |
| 2006 | \$5,743.6 | \$5,743.6 | \$0.7 | \$0.6 | |
| 2007 | \$5,549.6 | \$5,549.7 | \$0.6 | \$0.6 | |
| 2008 | \$5,217.0 | \$5,217.0 | \$0.5 | \$0.5 | |
| <i>Cumulative Sub Total</i> | <i>\$21,210.2</i> | <i>\$21,300.3</i> | <i>\$3.0</i> | <i>\$2.9</i> | <i>96.6%</i> |

Appendix 4: Agency Recovery Auditing Reporting Between FY 2004 and FY 2008 (\$ in millions)

| <u>Fiscal Year</u> | <u>Amount Subject to Review</u> | <u>Amount Reviewed</u> | <u>Amount Identified</u> | <u>Amount Recovered</u> | <u>Recovery Rate</u> |
|--|---|----------------------------|------------------------------|-----------------------------|--------------------------|
| Department of the Treasury | | | | | |
| 2004 | \$0.0 | \$35.2 | \$0.9 | \$0.7 | |
| 2005 | \$4,941.0 | \$3,852.0 | \$0.4 | \$0.4 | |
| 2006 | \$4,622.0 | \$4,216.0 | \$2.3 | \$1.4 | |
| 2007 | \$5,165.0 | \$4,447.0 | \$0.8 | \$0.8 | |
| 2008 | \$5,008.0 | \$4,532.0 | \$0.8 | \$0.8 | |
| <i>Cumulative Sub Total</i> | <i>\$19,736.0</i> | <i>\$17,082.2</i> | <i>\$5.3</i> | <i>\$4.1</i> | <i>78.7%</i> |
| Department of Transportation | | | | | |
| 2004 | \$2,500.0 | \$1,543.0 | \$0.2 | \$0.2 | |
| 2005 | \$3,065.0 | \$2,588.0 | \$2.7 | \$2.7 | |
| 2006 | \$25,007.0 | \$1,429.0 | \$6.5 | \$0.1 | |
| 2007 | \$25,007.0 | \$1,429.0 | \$6.6 | \$1.2 | |
| 2008 | \$93,256.0 | \$1,429.0 | \$0.2 | \$0.1 | |
| <i>Cumulative Sub Total</i> | <i>\$148,835.0</i> | <i>\$8,418.0</i> | <i>\$16.1</i> | <i>\$4.2</i> | <i>26.4%</i> |
| Department of Veterans Affairs | | | | | |
| 2004 | \$0.0 | \$10,900.0 | \$29.5 | \$27.3 | |
| 2005 | \$5,368.0 | \$5,368.0 | \$23.0 | \$13.0 | |
| 2006 | \$6,560.0 | \$5,690.0 | \$39.2 | \$30.4 | |
| 2007 | \$14,857.3 | \$14,227.2 | \$37.7 | \$27.0 | |
| 2008 | \$22,508.1 | \$21,797.8 | \$44.4 | \$20.8 | |
| <i>Cumulative Sub Total</i> | <i>\$49,293.4</i> | <i>\$57,983.0</i> | <i>\$173.9</i> | <i>\$118.5</i> | <i>68.2%</i> |
| Environmental Protection Agency¹ | | | | | |
| 2004 | \$0.0 | \$0.9 | \$0.8 | \$0.8 | |
| 2005 | \$6,460.0 | \$1,460.0 | \$0.5 | \$0.5 | |
| 2006 | \$0.0 | \$1,657.0 | \$1.1 | \$1.1 | |
| 2007 | \$0.0 | \$947.0 | \$0.2 | \$0.2 | |
| <i>Cumulative Sub Total</i> | <i>\$6,460.0</i> | <i>\$4,064.9</i> | <i>\$2.6</i> | <i>\$2.6</i> | <i>100.0%</i> |
| General Services Administration | | | | | |
| 2004 | \$12,000.0 | \$12,000.0 | \$14.4 | \$11.1 | |
| 2005 | \$15,500.0 | \$1,625.0 | \$26.6 | \$8.3 | |
| 2006 | \$13,400.0 | \$1,070.0 | \$46.7 | \$45.9 | |
| 2007 | \$14,000.0 | \$11,000.0 | \$11.2 | \$9.4 | |
| 2008 | \$14,500.0 | \$15,600.0 | \$13.5 | \$10.6 | |
| <i>Cumulative Sub Total</i> | <i>\$69,400.0</i> | <i>\$41,295.0</i> | <i>\$112.4</i> | <i>\$85.3</i> | <i>75.9%</i> |

Appendix 4: Agency Recovery Auditing Reporting Between FY 2004 and FY 2008 (\$ in millions)

| <u>Fiscal Year</u> | <u>Amount Subject to Review</u> | <u>Amount Reviewed</u> | <u>Amount Identified</u> | <u>Amount Recovered</u> | <u>Recovery Rate</u> |
|---|---|----------------------------|------------------------------|-----------------------------|--------------------------|
| International Assistance Programs | | | | | |
| 2007 | \$8,861.0 | \$8,861.0 | \$4.0 | \$4.0 | |
| 2008 | \$4,941.0 | \$4,941.0 | \$27.0 | \$27.0 | |
| <i>Cumulative Sub Total</i> | <i>\$13,802.0</i> | <i>\$13,802.0</i> | <i>\$31.0</i> | <i>\$31.0</i> | <i>100.0%</i> |
| National Aeronautics and Space² | | | | | |
| 2005 | \$12,276.0 | \$82.5 | \$0.6 | \$0.6 | |
| 2006 | \$57,439.0 | \$57,439.0 | \$0.3 | \$0.1 | |
| 2008 | \$4,533.0 | \$4,533.0 | \$0.0 | \$0.0 | |
| <i>Cumulative Sub Total</i> | <i>\$74,248.0</i> | <i>\$62,054.5</i> | <i>\$0.9</i> | <i>\$0.8</i> | <i>86.5%</i> |
| Social Security Administration | | | | | |
| 2004 | \$882.0 | \$882.0 | \$0.0 | \$0.0 | |
| 2005 | \$1,160.0 | \$61.0 | \$0.3 | \$0.1 | |
| 2006 | \$1,360.0 | \$96.0 | \$0.2 | \$0.2 | |
| 2007 | \$1,383.0 | \$54.9 | \$1.7 | \$1.7 | |
| 2008 | \$1,392.0 | \$12.0 | \$3.2 | \$3.2 | |
| <i>Cumulative Sub Total</i> | <i>\$6,177.0</i> | <i>\$1,105.9</i> | <i>\$5.4</i> | <i>\$5.1</i> | <i>95.0%</i> |
| Tennessee Valley Authority | | | | | |
| 2005 | \$5,556.0 | \$38.5 | \$0.9 | \$0.4 | |
| 2006 | \$6,520.0 | \$191.0 | \$1.2 | \$1.2 | |
| 2007 | \$7,027.6 | \$7,027.6 | \$1.1 | \$1.1 | |
| 2008 | \$8,595.4 | \$8,595.4 | \$0.8 | \$0.8 | |
| <i>Cumulative Sub Total</i> | <i>\$27,699.0</i> | <i>\$15,852.5</i> | <i>\$4.0</i> | <i>\$3.5</i> | <i>87.9%</i> |
| FY 2004 Total | \$57,130.0 | \$60,299.1 | \$74.4 | \$68.5 | |
| FY 2005 Total | \$365,397.0 | \$306,019.0 | \$550.4 | \$461.8 | |
| FY 2006 Total | \$511,866.3 | \$461,497.9 | \$958.5 | \$233.9 | |
| FY 2007 Total | \$374,143.0 | \$329,795.1 | \$115.0 | \$85.4 | |
| FY 2008 Total | \$522,741.6 | \$427,104.2 | \$173.3 | \$132.4 | |
| CUMULATIVE TOTAL | \$1,831,277.9 | \$1,584,715.4 | \$1,871.6 | \$982.0 | 52.5% |

Appendix 4: Agency Recovery Auditing Reporting Between FY 2004 and FY 2008 (\$ in millions)

Notes:

¹ HHS, HUD, and EPA did not perform recovery audits since they determined that due to the limited amount of improper contract payments identified, performing recovery audits was not cost effective.

² NASA reported in its FY 2008 PAR that it hired a recovery auditing firm to review FY 2006 disbursements for FY 2008 reporting. This firm identified and recovered very small amounts of improper payments in FY 2008, and due to rounding, these amounts are reported as \$0.0 million in this report. In addition, NASA reported that it will review FY 2007 and FY 2008 disbursements during FY 2009 recovery audits.

Appendix 5: Improper Payments Projected Between FY 2009 and FY 2011 as Reported in FY 2008 PARs and AFRs by Program

| <u>1st Rate</u> | <u>Program Name</u> | <u>FY 2009</u> | | | <u>FY 2010</u> | | | <u>FY 2011</u> | | |
|--|---|--------------------|------------------|-------------|--------------------|------------------|-------------|--------------------|------------------|-------------|
| | | <u>Outlays</u> | <u>Dollars</u> | <u>Rate</u> | <u>Outlays</u> | <u>Dollars</u> | <u>Rate</u> | <u>Outlays</u> | <u>Dollars</u> | <u>Rate</u> |
| Department of Agriculture | | | | | | | | | | |
| 2004 | Federal Crop Insurance | \$3,600.0 | \$166.0 | 4.6% | \$3,900.0 | \$176.0 | 4.5% | \$3,900.0 | \$172.0 | 4.4% |
| 2004 | Food Stamps | \$33,866.0 | \$1,910.0 | 5.6% | \$35,189.0 | \$1,970.0 | 5.6% | \$35,483.0 | \$1,916.0 | 5.4% |
| 2005 | Farm Security & Rural Investment | \$1,519.0 | \$5.0 | 0.3% | \$1,790.0 | \$4.0 | 0.2% | \$1,800.0 | \$3.0 | 0.2% |
| 2005 | Loan Deficiency Payments | \$6.0 | \$0.0 | 0.0% | \$7.0 | \$0.1 | 1.4% | \$7.0 | \$0.1 | 1.4% |
| 2005 | Marketing Assistance Loan | \$4,935.0 | \$81.0 | 1.6% | \$6,609.0 | \$102.0 | 1.5% | \$6,454.0 | \$94.0 | 1.5% |
| 2005 | Milk Income Loss | \$2.0 | \$0.0 | 0.0% | \$10.0 | \$0.0 | 0.1% | \$15.0 | \$0.1 | 0.7% |
| 2005 | Rental Assistance | \$924.0 | \$36.0 | 3.9% | \$960.0 | \$36.0 | 3.8% | \$999.0 | \$35.0 | 3.5% |
| 2005 | Wildland Fire Suppression | \$1,900.0 | \$0.4 | 0.0% | \$2,090.0 | \$0.4 | 0.0% | \$2,300.0 | \$0.5 | 0.0% |
| 2006 | Child and Adult Care Food - FDC Homes-Tiering Component | \$757.0 | \$11.0 | 1.5% | \$776.0 | \$11.0 | 1.4% | \$796.0 | \$11.0 | 1.4% |
| 2006 | Conservation Reserve | \$1,876.0 | \$23.0 | 1.2% | \$1,891.0 | \$22.0 | 1.2% | \$1,933.0 | \$21.0 | 1.1% |
| 2006 | Direct & Counter-Cyclical Payments | \$3,988.0 | \$26.0 | 0.7% | \$4,578.0 | \$27.0 | 0.6% | \$4,406.0 | \$26.0 | 0.6% |
| 2006 | Farm Service Disaster | \$2,245.0 | \$67.0 | 3.0% | \$2,568.0 | \$76.0 | 3.0% | \$1,291.0 | \$37.0 | 2.9% |
| 2006 | Non-insured Assistance | \$67.0 | \$9.0 | 13.4% | \$325.0 | \$39.0 | 12.0% | \$325.0 | \$33.0 | 10.2% |
| 2006 | Special Nutrition Program for Women, Infants, and Children (WIC) Vendor Error Component | \$4,547.0 | \$37.0 | 0.8% | \$4,492.0 | \$35.0 | 0.8% | \$4,594.0 | \$33.0 | 0.7% |
| 2007 | School Breakfast | \$2,418.0 | \$590.0 | 24.4% | \$2,503.0 | \$590.0 | 23.6% | \$2,623.0 | \$590.0 | 22.5% |
| 2007 | School Lunch | \$9,562.0 | \$1,538.0 | 16.1% | \$9,715.0 | \$1,518.0 | 15.6% | \$9,981.0 | \$1,516.0 | 15.2% |
| | <i>Subtotal of Measured Programs</i> | <i>\$72,212.0</i> | <i>\$4,499.4</i> | <i>6.2%</i> | <i>\$77,403.0</i> | <i>\$4,606.5</i> | <i>6.0%</i> | <i>\$76,907.0</i> | <i>\$4,487.7</i> | <i>5.8%</i> |
| Department of Defense--Military | | | | | | | | | | |
| 2004 | Military Health Benefits | \$10,800.0 | \$216.0 | 2.0% | \$10,500.0 | \$211.0 | 2.0% | \$10,800.0 | \$216.0 | 2.0% |
| 2004 | Military Retirement Benefits | \$41,300.0 | \$51.4 | 0.1% | \$42,900.0 | \$54.2 | 0.1% | \$44,500.0 | \$52.3 | 0.1% |
| 2005 | Military Pay | \$68,400.0 | \$362.5 | 0.5% | \$69,700.0 | \$362.4 | 0.5% | \$71,000.0 | \$362.1 | 0.5% |
| 2006 | Civilian Pay | \$31,300.0 | \$73.0 | 0.2% | \$32,300.0 | \$72.3 | 0.2% | \$32,300.0 | \$72.2 | 0.2% |
| 2006 | Travel Pay | \$8,600.0 | \$82.4 | 1.0% | \$8,500.0 | \$76.5 | 0.9% | \$8,300.0 | \$72.3 | 0.9% |
| | <i>Subtotal of Measured Programs</i> | <i>\$160,400.0</i> | <i>\$785.3</i> | <i>0.5%</i> | <i>\$163,900.0</i> | <i>\$776.4</i> | <i>0.5%</i> | <i>\$166,900.0</i> | <i>\$774.9</i> | <i>0.5%</i> |
| Department of Education | | | | | | | | | | |
| 2004 | Pell Grants | \$17,081.0 | \$630.0 | 3.7% | \$16,908.0 | \$592.0 | 3.5% | \$16,908.0 | \$592.0 | 3.5% |
| 2005 | Federal Family Education Loan (FFEL) | \$24,071.0 | \$404.0 | 1.7% | \$18,427.0 | \$310.0 | 1.7% | \$18,427.0 | \$310.0 | 1.7% |
| 2005 | Title I - Grants to States | \$12,587.0 | \$40.0 | 0.3% | \$12,990.0 | \$42.0 | 0.3% | \$13,899.0 | \$44.0 | 0.3% |
| | <i>Subtotal of Measured Programs</i> | <i>\$53,739.0</i> | <i>\$1,074.0</i> | <i>2.0%</i> | <i>\$48,325.0</i> | <i>\$944.0</i> | <i>2.0%</i> | <i>\$49,234.0</i> | <i>\$946.0</i> | <i>1.9%</i> |

| <u>1st Rate</u> | <u>Program Name</u> | <u>FY 2009</u> | | | <u>FY 2010</u> | | | <u>FY 2011</u> | | |
|--|---|--------------------|-------------------|-------------|--------------------|-------------------|-------------|--------------------|-------------------|-------------|
| | | <u>Outlays</u> | <u>Dollars</u> | <u>Rate</u> | <u>Outlays</u> | <u>Dollars</u> | <u>Rate</u> | <u>Outlays</u> | <u>Dollars</u> | <u>Rate</u> |
| Department of Health and Human Services¹ | | | | | | | | | | |
| 2004 | HeadStart | \$7,027.0 | \$140.5 | 2.0% | \$7,027.0 | \$133.5 | 1.9% | \$7,027.0 | \$126.5 | 1.8% |
| 2004 | Medicare Fee-for-Service (FFS) | \$321,127.0 | \$11,239.0 | 3.5% | \$335,185.0 | \$11,396.0 | 3.4% | \$349,613.0 | \$11,537.0 | 3.3% |
| 2005 | Foster Care-Title IV-E | \$1,523.0 | \$91.4 | 6.0% | \$1,512.0 | \$83.2 | 5.5% | \$1,487.0 | \$74.3 | 5.0% |
| 2008 | Child Care and Development Fund (CCDF) | \$5,028.0 | \$553.1 | 11.0% | \$4,985.0 | \$523.4 | 10.5% | \$4,979.0 | \$497.9 | 10.0% |
| | <i>Subtotal of Measured Programs</i> | <i>\$334,705.0</i> | <i>\$12,024.0</i> | <i>3.6%</i> | <i>\$348,709.0</i> | <i>\$12,136.1</i> | <i>3.5%</i> | <i>\$363,106.0</i> | <i>\$12,235.7</i> | <i>3.4%</i> |
| Department of Homeland Security² | | | | | | | | | | |
| 2006 | Disaster Relief Fund Vendor Payments | \$1,602.0 | \$80.0 | 5.0% | \$1,682.0 | \$50.0 | 3.0% | \$1,766.0 | \$44.0 | 2.5% |
| 2006 | Individuals & Households Program | \$636.0 | \$35.0 | 5.5% | \$668.0 | \$23.0 | 3.4% | \$701.0 | \$18.0 | 2.6% |
| 2007 | CBP Custodial Refund & Drawback | \$1,537.0 | \$1.0 | 0.1% | \$1,650.0 | \$1.0 | 0.1% | \$1,600.0 | \$1.0 | 0.1% |
| 2008 | Aviation Security - Payroll | \$2,308.0 | \$2.3 | 0.1% | \$2,605.0 | \$2.6 | 0.1% | \$2,759.0 | \$2.8 | 0.1% |
| 2008 | Detention and Removal Operations | \$2,332.0 | \$11.0 | 0.5% | \$2,205.0 | \$7.0 | 0.3% | \$2,198.0 | \$4.0 | 0.2% |
| 2008 | Federal Protective Service | \$778.0 | \$151.0 | 19.4% | \$812.0 | \$73.0 | 9.0% | \$848.0 | \$13.0 | 1.5% |
| 2008 | ICE Investigations | \$283.6 | \$5.1 | 1.8% | \$326.7 | \$5.9 | 1.8% | \$333.2 | \$6.0 | 1.8% |
| 2008 | USCG Active Duty Military Payroll | \$2,628.0 | \$19.0 | 0.7% | \$2,707.0 | \$16.0 | 0.6% | \$2,788.0 | \$12.0 | 0.4% |
| 2008 | USCG Contract Payments | \$1,832.6 | \$0.0 | 0.0% | \$1,832.6 | \$0.0 | 0.0% | \$1,832.6 | \$0.0 | 0.0% |
| | <i>Subtotal of Measured Programs</i> | <i>\$13,937.2</i> | <i>\$304.4</i> | <i>2.2%</i> | <i>\$14,488.3</i> | <i>\$178.5</i> | <i>1.2%</i> | <i>\$14,825.8</i> | <i>\$100.8</i> | <i>0.7%</i> |
| Department of Housing and Urban Development | | | | | | | | | | |
| 2004 | Public Housing / Rental Assistance | \$28,553.4 | \$960.5 | 3.4% | \$29,000.0 | \$942.1 | 3.2% | \$29,000.0 | \$912.0 | 3.1% |
| | <i>Subtotal of Measured Programs</i> | <i>\$28,553.4</i> | <i>\$960.5</i> | <i>3.4%</i> | <i>\$29,000.0</i> | <i>\$942.1</i> | <i>3.2%</i> | <i>\$29,000.0</i> | <i>\$912.0</i> | <i>3.1%</i> |
| Department of Labor | | | | | | | | | | |
| 2004 | Federal Employees Compensation Act (FECA) | \$2,732.0 | \$0.5 | 0.0% | \$2,792.0 | \$0.6 | 0.0% | \$2,854.0 | \$0.6 | 0.0% |
| 2004 | Unemployment Insurance (UI) | \$45,508.0 | \$4,532.0 | 10.0% | \$44,374.0 | \$4,375.0 | 9.9% | \$43,686.0 | \$4,264.0 | 9.8% |
| 2005 | Workforce Investment Act (WIA) | \$3,551.0 | \$2.5 | 0.1% | \$3,017.0 | \$2.1 | 0.1% | \$2,954.0 | \$2.1 | 0.1% |
| | <i>Subtotal of Measured Programs</i> | <i>\$51,791.0</i> | <i>\$4,535.0</i> | <i>8.8%</i> | <i>\$50,183.0</i> | <i>\$4,377.7</i> | <i>8.7%</i> | <i>\$49,494.0</i> | <i>\$4,266.7</i> | <i>8.6%</i> |
| Department of State | | | | | | | | | | |
| 2007 | Business Class Travel | \$25.8 | \$0.3 | 1.0% | \$25.8 | \$0.3 | 1.0% | \$25.8 | \$0.3 | 1.0% |
| | <i>Subtotal of Measured Programs</i> | <i>\$25.8</i> | <i>\$0.3</i> | <i>1.0%</i> | <i>\$25.8</i> | <i>\$0.3</i> | <i>1.0%</i> | <i>\$25.8</i> | <i>\$0.3</i> | <i>1.0%</i> |

| <u>1st Rate</u> | <u>Program Name</u> | <u>FY 2009</u> | | | <u>FY 2010</u> | | | <u>FY 2011</u> | | |
|--|--|-------------------|-------------------|--------------|-------------------|-------------------|--------------|-------------------|-------------------|--------------|
| | | <u>Outlays</u> | <u>Dollars</u> | <u>Rate</u> | <u>Outlays</u> | <u>Dollars</u> | <u>Rate</u> | <u>Outlays</u> | <u>Dollars</u> | <u>Rate</u> |
| Department of the Treasury³ | | | | | | | | | | |
| 2004 | Earned Income Tax Credit (EITC) | \$49,500.0 | \$12,600.0 | 25.5% | \$52,500.0 | \$13,400.0 | 25.5% | \$53,200.0 | \$13,600.0 | 25.6% |
| | <i>Subtotal of Measured Programs</i> | <i>\$49,500.0</i> | <i>\$12,600.0</i> | <i>25.5%</i> | <i>\$52,500.0</i> | <i>\$13,400.0</i> | <i>25.5%</i> | <i>\$53,200.0</i> | <i>\$13,600.0</i> | <i>25.6%</i> |
| Department of Transportation | | | | | | | | | | |
| 2006 | FHWA Highway Planning/Construction | \$39,264.0 | \$39.3 | 0.1% | \$37,513.0 | \$37.5 | 0.1% | \$35,046.0 | \$35.0 | 0.1% |
| 2007 | FAA Airport Improvement Program | \$3,967.0 | \$0.0 | 0.0% | \$4,075.0 | \$0.0 | 0.0% | \$4,200.0 | \$0.0 | 0.0% |
| 2007 | FTA Capital Investment Grants Program | \$2,626.0 | \$13.0 | 0.5% | \$2,218.0 | \$1.1 | 0.1% | \$2,098.0 | \$1.1 | 0.1% |
| 2007 | FTA Formula Grants Program | \$8,557.0 | \$14.3 | 0.2% | \$9,080.0 | \$1.5 | 0.0% | \$8,597.0 | \$1.4 | 0.0% |
| | <i>Subtotal of Measured Programs</i> | <i>\$54,414.0</i> | <i>\$66.6</i> | <i>0.1%</i> | <i>\$52,886.0</i> | <i>\$40.1</i> | <i>0.1%</i> | <i>\$49,941.0</i> | <i>\$37.5</i> | <i>0.1%</i> |
| Department of Veterans Affairs | | | | | | | | | | |
| 2004 | Compensation/Dependency & Indemnity | \$37,303.0 | \$391.6 | 1.0% | \$39,766.0 | \$409.6 | 1.0% | \$42,649.0 | \$405.1 | 0.9% |
| 2004 | Education | \$3,242.0 | \$71.4 | 2.2% | \$4,643.0 | \$171.8 | 3.7% | \$8,634.0 | \$863.4 | 10.0% |
| 2004 | Pension | \$3,869.0 | \$321.5 | 8.3% | \$4,006.0 | \$327.7 | 8.2% | \$4,149.0 | \$334.8 | 8.1% |
| 2005 | Loan Guaranty | \$1,053.0 | \$4.2 | 0.4% | \$1,228.0 | \$4.7 | 0.4% | \$1,432.0 | \$5.2 | 0.4% |
| 2007 | Fee Program | \$2,038.0 | \$25.5 | 1.3% | \$2,140.0 | \$23.5 | 1.1% | \$2,247.0 | \$22.5 | 1.0% |
| 2008 | CHAMPVA | \$631.4 | \$25.3 | 4.0% | \$735.5 | \$29.4 | 4.0% | \$752.7 | \$26.3 | 3.5% |
| | <i>Subtotal of Measured Programs</i> | <i>\$48,136.4</i> | <i>\$839.5</i> | <i>1.7%</i> | <i>\$52,518.5</i> | <i>\$966.7</i> | <i>1.8%</i> | <i>\$59,863.7</i> | <i>\$1,657.3</i> | <i>2.8%</i> |
| Federal Communications Commission⁴ | | | | | | | | | | |
| 2007 | Universal Service Fund - High Cost | \$4,164.4 | \$687.1 | 16.5% | \$4,164.4 | \$687.1 | 16.5% | \$4,164.4 | \$687.1 | 16.5% |
| 2007 | Universal Service Fund - Low Income | \$794.7 | \$75.5 | 9.5% | \$794.7 | \$75.5 | 9.5% | \$794.7 | \$75.5 | 9.5% |
| 2007 | Universal Service Fund - Schools and Libraries | \$1,686.2 | \$217.5 | 12.9% | \$1,686.2 | \$217.5 | 12.9% | \$1,686.2 | \$217.5 | 12.9% |
| | <i>Subtotal of Measured Programs</i> | <i>\$6,645.3</i> | <i>\$980.1</i> | <i>14.7%</i> | <i>\$6,645.3</i> | <i>\$980.1</i> | <i>14.7%</i> | <i>\$6,645.3</i> | <i>\$980.1</i> | <i>14.7%</i> |
| International Assistance Programs | | | | | | | | | | |
| 2005 | USAID Cash Transfers | \$2,296.0 | \$1.2 | 0.1% | \$2,411.0 | \$0.4 | 0.0% | \$2,532.0 | \$0.3 | 0.0% |
| 2005 | USAID Contracts | \$6,055.0 | \$30.3 | 0.5% | \$6,358.0 | \$15.9 | 0.3% | \$6,676.0 | \$1.7 | 0.0% |
| 2005 | USAID Grants & Cooperative Agreements | \$3,282.0 | \$16.4 | 0.5% | \$3,446.0 | \$8.6 | 0.2% | \$3,619.0 | \$0.9 | 0.0% |
| | <i>Subtotal of Measured Programs</i> | <i>\$11,633.0</i> | <i>\$47.9</i> | <i>0.4%</i> | <i>\$12,215.0</i> | <i>\$24.9</i> | <i>0.2%</i> | <i>\$12,827.0</i> | <i>\$2.9</i> | <i>0.0%</i> |

| <u>1st Rate</u> | <u>Program Name</u> | <u>FY 2009</u> | | | <u>FY 2010</u> | | | <u>FY 2011</u> | | |
|---------------------------------------|--|----------------------|-------------------|-------------|----------------------|-------------------|-------------|----------------------|-------------------|-------------|
| | | <u>Outlays</u> | <u>Dollars</u> | <u>Rate</u> | <u>Outlays</u> | <u>Dollars</u> | <u>Rate</u> | <u>Outlays</u> | <u>Dollars</u> | <u>Rate</u> |
| Office of Personnel Management | | | | | | | | | | |
| 2004 | Federal Employee Health Benefit Program | \$37,123.0 | \$87.7 | 0.2% | \$38,923.0 | \$91.1 | 0.2% | \$40,723.0 | \$94.6 | 0.2% |
| 2004 | Federal Employee Life Insurance Program | \$2,515.0 | \$0.6 | 0.0% | \$2,650.0 | \$0.6 | 0.0% | \$2,765.0 | \$0.6 | 0.0% |
| 2004 | Federal Employee Retirement Programs | \$67,300.0 | \$254.6 | 0.4% | \$70,700.0 | \$255.5 | 0.4% | \$74,100.0 | \$253.1 | 0.3% |
| | <i>Subtotal of Measured Programs</i> | <i>\$106,938.0</i> | <i>\$342.9</i> | <i>0.3%</i> | <i>\$112,273.0</i> | <i>\$347.2</i> | <i>0.3%</i> | <i>\$117,588.0</i> | <i>\$348.3</i> | <i>0.3%</i> |
| Railroad Retirement Board | | | | | | | | | | |
| 2005 | Railroad Unemployment Insurance Program | \$115.5 | \$2.3 | 2.0% | \$123.2 | \$2.5 | 2.0% | \$130.8 | \$2.6 | 2.0% |
| 2005 | Retirement and Survivors Benefits | \$10,108.2 | \$95.5 | 0.9% | \$10,433.3 | \$98.6 | 0.9% | \$10,766.7 | \$101.8 | 0.9% |
| | <i>Subtotal of Measured Programs</i> | <i>\$10,223.7</i> | <i>\$97.8</i> | <i>1.0%</i> | <i>\$10,556.5</i> | <i>\$101.1</i> | <i>1.0%</i> | <i>\$10,897.5</i> | <i>\$104.4</i> | <i>1.0%</i> |
| Small Business Administration | | | | | | | | | | |
| 2004 | (504) Certified Development Company Debentures (CDC) | \$6,000.0 | \$0.0 | 0.0% | \$6,500.0 | \$0.0 | 0.0% | \$7,000.0 | \$0.0 | 0.0% |
| 2004 | Disaster Assistance Loans | \$2,004.0 | \$14.0 | 0.7% | \$1,500.0 | \$10.5 | 0.7% | \$1,000.0 | \$7.0 | 0.7% |
| 2004 | Small Business Investment Centers (SBIC) | \$2,100.0 | \$4.2 | 0.2% | \$1,850.0 | \$3.7 | 0.2% | \$1,700.0 | \$3.4 | 0.2% |
| 2005 | 7(a) Business Loans | \$840.0 | \$4.2 | 0.5% | \$830.0 | \$4.2 | 0.5% | \$880.0 | \$4.4 | 0.5% |
| 2007 | 7(a) Guaranty Approvals | \$12,000.0 | \$0.0 | 0.0% | \$13,000.0 | \$0.0 | 0.0% | \$14,000.0 | \$0.0 | 0.0% |
| 2007 | CDC Loans Guaranteed | \$6,000.0 | \$0.0 | 0.0% | \$6,500.0 | \$0.0 | 0.0% | \$7,000.0 | \$0.0 | 0.0% |
| | <i>Subtotal of Measured Programs</i> | <i>\$28,944.0</i> | <i>\$22.4</i> | <i>0.1%</i> | <i>\$30,180.0</i> | <i>\$18.4</i> | <i>0.1%</i> | <i>\$31,580.0</i> | <i>\$14.8</i> | <i>0.0%</i> |
| Social Security Administration | | | | | | | | | | |
| 2004 | Old Age, Survivors & Disability Insurance (OASDI) | \$605,927.0 | \$2,424.0 | 0.4% | \$646,908.0 | \$2,588.0 | 0.4% | \$686,633.0 | \$2,746.0 | 0.4% |
| 2004 | Supplemental Security Income (SSI) | \$45,588.0 | \$2,370.0 | 5.2% | \$48,431.0 | \$2,518.0 | 5.2% | \$50,977.0 | \$2,651.0 | 5.2% |
| | <i>Subtotal of Measured Programs</i> | <i>\$651,515.0</i> | <i>\$4,794.0</i> | <i>0.7%</i> | <i>\$695,339.0</i> | <i>\$5,106.0</i> | <i>0.7%</i> | <i>\$737,610.0</i> | <i>\$5,397.0</i> | <i>0.7%</i> |
| | Total FY 2004 Programs | \$1,374,065.4 | \$38,385.5 | 2.8% | \$1,446,152.0 | \$39,626.9 | 2.7% | \$1,517,301.0 | \$40,747.4 | 2.7% |
| | Total FY 2005 Programs | \$143,167.7 | \$1,176.9 | 0.8% | \$141,941.5 | \$1,077.1 | 0.8% | \$145,378.5 | \$1,042.1 | 0.7% |
| | Total FY 2006 Programs | \$94,882.0 | \$482.7 | 0.5% | \$95,293.0 | \$469.3 | 0.5% | \$91,458.0 | \$402.5 | 0.4% |
| | Total FY 2007 Programs | \$55,376.2 | \$3,162.2 | 5.7% | \$57,552.2 | \$3,115.5 | 5.4% | \$59,017.2 | \$3,112.4 | 5.3% |
| | Total FY 2008 Programs | \$15,821.6 | \$766.8 | 4.8% | \$16,208.8 | \$657.3 | 4.1% | \$16,490.5 | \$562.0 | 3.4% |
| | Total of FYs 2004 - 2008 Programs | \$1,683,312.8 | \$43,974.0 | 2.6% | \$1,757,147.5 | \$44,946.1 | 2.6% | \$1,829,645.2 | \$45,866.3 | 2.5% |

Notes:

¹ As reported earlier in this report, HHS newly reported error measurements for some programs in FY 2008. As such, HHS has not established and published projections for Medicare Advantage (Part C), Medicaid, SCHIP, and TANF.

² DHS provided OMB with outlay projections for four programs that it did not include in its FY 2008 AFR: CBP Custodial Refund & Drawback, ICE Investigations, USCG Contract payments, and TSA's Aviation Security – Payroll program. For the purpose of this report, projected improper payment rates for these programs have been maintained at FY 2008 reported levels, but may be amended in the future.

³ The National Research Project analysis based on tax year 2001 data was completed during FY 2005. Because the data is more than three years old, Treasury statisticians have “aged” the data to project current and out-year improper payments totals.

⁴ As of January 8, 2009, the Federal Communications Corporation has not yet released its final FY 2008 improper payments amount or rate. As such, information for FY 2008 is preliminary and may be changed. The FY 2009 through FY 2011 projections are based on the final rates that the FCC reported in FY 2007.

PLEASE NOTE: Agency projections reflect data that is expected to be reported in FY 2009 through FY 2011, but may reflect different measurement periods (e.g., errors reported in FY 2009 may be for measurement periods prior to FY 2009).