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Subcommittee on Government Organization, Efficiency, and Financial Management Hearing on: "Red to Black: Improving Collection of Delinquent Debt Owed to the Government"

March 11, 2011

I thank Chairman Platts for calling this hearing today.

The topic of this hearing – improving the collection of delinquent debt owed to the government – goes to the heart of this Committee's responsibility to find ways to eliminate waste, fraud, and abuse throughout the government.

I thank our witness, Commissioner David Lebyk of Financial Management Services at the Department of Treasury, for appearing before us today.

According to the Department of Treasury, last year businesses and individuals owed our federal government and some states more than \$422 billion in delinquent debt. This amount includes delinquent taxes, duplicate payments, child support, fees, fines, penalties, judgments, misused grant funds, and government insured or guaranteed loans.

Of that \$422 billion, only \$5.3 billion was recovered. While \$5 billion is a substantial sum of money, we must do better, and that is why I welcome this hearing today.

In these difficult fiscal times, efficiency and effectiveness are more important than ever. As Congress reexamines the federal budget, and looks for cost-saving opportunities, we are being forced to make tough decisions, but we must also make smart decisions.

When I hear that the American taxpayers were cheated out of almost half a trillion dollars last year -- which constitutes approximately half of last year's budget deficit -- I am deeply troubled.

I believe that we must address that nation's current fiscal challenges like any family would address its own financial difficulties. A family that finds itself in tough times cuts back and prioritizes. A family would not pull their children out of school, or tell Grandma that she cannot see a doctor.

A family cuts back on vacations, stops going out to dinner, and finds ways to earn additional income.

They also would take a step back and assess their entire financial picture. They would say to their neighbor who owes them money, listen, I hate to do this, but I really need you to give me what you owe me. They would go to the contractor who worked on their house and overcharged them and say, thank you for your work, but you really need to repay me that extra amount.

The federal government must also assess its entire financial picture.

Last week, the Oversight Committee held a hearing in which we examined ways that Congress could strengthen the federal government's long-term fiscal outlook and increase efficiency for the taxpayers by eliminating duplicative programs.

At that hearing, the nonpartisan Government Accountability Office identified 81 areas for consideration that included not only duplication and fragmentation, but also revenue-enhancing areas that would yield the federal government tens of billions of dollars annually and help agencies provide more efficient and effective services.

Suggested reforms included implementing efforts to address government-wide improper payments, which the GAO concluded could result in "significant cost savings," and the use of "return on investment" information by the IRS to reduce the tax gap. Even a 1 percent reduction in the tax gap would increase tax revenues by \$3 billion.

I commend the Department of Treasury and the Administration for taking seriously the issues of waste, fraud and abuse.

To list just one example, according to the Administration, Medicare overpayments totaled more than \$23 billion in 2009.

Armed with this information, the President has responded aggressively, first by working with Congress to include provisions to eliminate and recover these overpayments in the Patient Protection and Affordable Care Act – the healthcare legislation – as well as by proposing changes in the budget to ensure that taxpayers recover 100 percent of any overpayments before a contractor or Medicare provider is paid for other services.

Our budgetary challenges do not only require tough choices, they require smart choices.

I look forward to learning more about the steps that are being taken to collect what is owed to the government and the American taxpayer.