



Statement for the Record
House Oversight and Government Reform, Government Operations Subcommittee Hearing:
“Fraud Prevention: Understanding Fraud in Federally Funded Programs Run by the States”
April 15, 2026

The Honorable Pete Sessions
Chair, Government Operations Subcommittee
Committee on Oversight and Government Reform
United States House of Representatives
Washington, DC 20515

The Honorable Kweisi Mfume
Ranking Member, Government Operations Subcommittee
Committee on Oversight and Government Reform
United States House of Representatives
Washington, DC 20515

Dear Chairman Sessions, Ranking Member Mfume, and Members of the Subcommittee:

Arnold Ventures appreciates the opportunity to submit this statement for the record in relation to the Subcommittee’s April 15, 2026 hearing, “Fraud Prevention: Understanding Fraud in Federally Funded Programs Run by the States.”

Arnold Ventures is a philanthropy dedicated to investing in evidence-based policy solutions that maximize opportunity and minimize injustice. Our public finance work aims to promote fiscal sustainability and responsible stewardship of taxpayer dollars by strengthening program integrity and preventing waste, fraud, and abuse.

We commend the Subcommittee for examining the causes of fraud in federally funded, state-administered programs and for identifying practical pathways to strengthen program integrity. Programs such as the Supplemental Nutrition Assistance Program (SNAP), Unemployment Insurance (UI), and Temporary Assistance for Needy Families (TANF) play a critical role in supporting millions of Americans, but persistent fraud and payment errors undermine their effectiveness, erode public trust, and impose real fiscal costs.

The need for action is urgent. Each year, the federal government loses hundreds of billions of taxpayer dollars to fraud and improper payments, and state-administered programs account for a disproportionate share of that risk.¹ Many states still rely on antiquated technology that makes it difficult to reliably verify identity, confirm income in real time, or access timely data across

¹ GAO, Improper Payments: Information on Agencies’ Fiscal Year 2024 Estimates, [GAO-25-107753](#) (Washington, D.C.: GAO. Published: Mar 11, 2025).



programs and jurisdictions to help establish eligibility. As a result, states too often rely on a “pay-and-chase” model for addressing fraud—an approach that has shown to be ineffective.²

Our work across benefit programs consistently points to the same conclusion: fraud prevention is most effective when it occurs before payments go out the door. Strong identity verification, timely income verification, and robust data-sharing are not ancillary tools; they are foundational to administering benefits accurately and at scale. When agencies can verify applicants, confirm earnings using current data, and cross-check information across systems and states before funds are disbursed, improper payments can be prevented rather than merely identified after the fact.

Many of these tools already exist, and their effectiveness is not speculative. Investments in modern verification and data-matching infrastructure have demonstrated meaningful reductions in improper payments.³ Yet adoption remains uneven because many states face real barriers to financing, implementing, and sustaining modernization efforts. Upfront investments can be costly and technically complex, particularly for agencies already stretched thin by program demands and legacy technology.

At the same time, current policy often gives states too little incentive to focus on improper payments either before or after they occur. On the front end, the federal government frequently bears most of the fiscal cost when payments are made in error; on the back end, the federal government typically captures most of the benefit when fraudulent funds are recovered.

Addressing these challenges requires a framework that combines capacity-building, accountability, and stronger incentives to reduce improper payments. Federal policy should set clear expectations for performance in high-risk programs and ensure that states have a greater stake in improving outcomes. H.R. 1’s SNAP cost-sharing structure exemplifies this approach by increasing states’ financial responsibility as improper payment rates rise, reinforcing the importance of prevention and better program integrity.

Congress does not need to start from scratch to improve fraud prevention. Existing legislative proposals would help move benefit programs toward a smarter, more prevention-focused model. A bipartisan piece of legislation last Congress from Senators Crapo and Wyden would have required states to cross-match Unemployment Insurance applications against key federal data sources, including Social Security death records, incarceration databases, and employment data, before initial payments are issued. A Rep. Jason Smith bill introduced in the last Congress would have allowed states to retain a portion of recovered UI overpayments, improving incentives for enforcement and recovery. In addition, current legislation such as the

² Improper Payments: Ongoing Challenges and Recent Legislative Proposals (2026), <https://www.congress.gov/crs-product/R48296>.

³ Department of the Treasury, Bureau of the Fiscal Service, Do Not Pay (2026), <https://fiscal.treasury.gov/payment-integrity/do-not-pay-dnp>.



Ending Improper Payments to Deceased People Act would expand the use of the Treasury's Do Not Pay Data System and the Death Master File, helping agencies identify obvious risks earlier in the payment process.

Altogether, the subcommittee can draw from these and many other ideas to lay the groundwork for a shift toward a prevention-first approach to fraud. Arnold Ventures stands ready to assist the Subcommittee in reducing fraud in federally funded, state-administered programs. We welcome the opportunity to serve as a resource by sharing research, technical expertise, and experience working with states and federal partners to strengthen program integrity while ensuring that critical benefit programs are administered effectively, efficiently, and responsibly.

Sincerely,

Andrew Moylan
Vice President of Public Finance
Arnold Ventures

Sara Ragsdale
Public Finance Analyst
Arnold Ventures