PLYMOUTH INSTITUTE FOR FREE ENTERPRISE

REQUIRE A FULL ACCOUNTING OF FEDERAL BENEFITS

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ADVANCING **AMERICAN** FREEDOM

TOPLINE: Cracking down on hundreds of billions of dollars in fraud and improper payments requires a full accounting of federal benefits.

BACKGROUND: Every year, Americans must meticulously file and pay their taxes. Employers issue W-2s. Financial institutions issue 1099s. Taxpayers who fail to properly report income face penalties, audits, and potential prosecution by the IRS. Yet when Washington redistributes $4.2 trillion in taxpayer dollars through more than 100 benefit programs, there is remarkably little accountability. We often know the first recipient, such as a state government that administers SNAP or Medicaid, but the federal government lacks the basic infrastructure necessary to follow the money from beginning to end. This makes fighting fraud a lot harder than it needs to be.

The consequences are enormous. The federal government officially reported $184 billion in improper payments last year, which is roughly $1,400, or roughly eight weeks of gas and grocery expenses, per U.S. household. Yet only a few billion dollars of that is classified as "confirmed fraud." The rest goes uncounted. The GAO estimates that fraud in federal programs costs taxpayers between $233 billion and $521 billion annually—roughly eight weeks of rent or mortgage payments for every household in America.

Fraud thrives in darkness, and transparency creates deterrence. Congress should require a full accounting of federal benefits, including establishing two new 1099 tax forms for benefit providers (such as a state agency or managed-care organization) and benefit recipients. Just as existing tax forms allow the IRS to cross-check income reported by employers and employees, these forms would allow federal auditors to compare payments made, benefits distributed, and services received.

Action Items (Congress):

- **Require the same accounting of federal payments as is required of taxpayers' incomes, following federal funds every step from the Treasury to intermediaries to individuals.**

How It Would Make Life More Affordable:

- It would create the infrastructure necessary to reduce fraud and improper payments that cost households at least $1,400 and up to $3,900 annually.

Related Legislation: The TRUST (Transparent Reporting for Uniform Safety-Net Tracking) Act of 2026 (draft legislation).

BOTTOMLINE: By requiring the same accounting of federal spending that the government requires of taxpayers' income, Congress can better detect and deter fraud and errors, saving taxpayers hundreds of billions of dollars per year.