

Congress Must End Taxpayers Vulnerability to Government Waste

by Trey Kovacs on May 21, 2012

Fraud and abuse continue to be a barrier to effective government. According to the [Cato Institute's](#) 2009 report, fraud or improper payments in government amount to \$100 billion per year. But since 1986, the [Federal False Claims Act](#) (FFCA) has given Americans incentives to help protect the government from fraud. Unfortunately, an alarmingly small amount, [\\$25 billion](#) over 26 years, has been recovered under the FFCA.

The dramatic discrepancy is due to limitations to the act itself.

The FFCA holds individuals or companies liable who deliberately submit false claims, or cause a false submission, for payment of government funds. The penalty is three times the governments damages, in addition to civil penalties of \$5,500 to \$11,000 per false claim. It imposes liability on any person or company defrauding the federal government.

Above all, the law includes a *qui tam* provision that allows people who are not associated with the government to file suit on their behalf. This whistle-blower provision enables individuals unveiling fraud to receive 15 to 25 percent of the amount recovered due to related costs and risks.

However, currently FFCA's limitations outweigh its benefits. For example, the United States Department of Justice (DOJ) may unilaterally settle for inequitable amounts or refuse to pursue cases of fraud against government. Of greater concern is government waste and mismanagement that are exempt from FFCA.

[Tenet Healthcare Corporation](#) is a prime example of the law's limitations relating to the DOJ. In 2006, Tenet agreed to pay \$900 million for unlawful billing practices, including kickbacks to physicians and making excessive Medicare claims for services they did not provide. Instead of prosecuting Tenet, the DOJ agreed to the settlement citing "ability to pay." Taxpayers Against Fraud commented that it is "a nice way of saying that Tenet stole more money than was recovered in this settlement."

The government waste and mismanagement exemption guts the intention of FFCA. It facilitates situations like the General Services Administration (GSA) near million-dollar Western Region Conference (WRC). Fortunately, for taxpayers, a portion of GSA workers' misconduct and waste at WRC may have risen to the level of fraud.

A GSA Inspector General Report entitled “[Management Deficiency Report](#)” describes the conference’s purpose as offering job-skills training and “an exchange of ideas between the ‘higher-ups.’”

In reality, GSA officials held semi-private parties labeled as “award ceremonies” to meet the government’s requirements for their gaudy expenses. The parties in total cost \$5,600. The I.G. reported he could not see how any WRC “award ceremonies” could be classified as such, reasoning that it cannot be an ancillary reason to justify food expenses.

Under the “other impermissible and questionable expenses” section in the Inspector General’s report, it was made clear numerous other unacceptable expenditures, including \$8,130 on yearbooks for participants, canteens and carabineers at \$2,781.50, shirts for \$3,749.40, \$6,325 on commemorative coins, and vests costing \$1,840 for 19 “regional ambassadors.” Excessive spending outside FFCA enforcement includes pre-conference travel costing over \$100,000, \$30,207.60 (\$95 a plate) dinner receptions, and more. To top it off, according to the I.G. report, the primary conference objective was to make WRC “over the top.”

Currently, government blatantly exempts bilking the taxpayer for bureaucrats to live and travel in luxury. If Congress removed excessive waste exemption from FFCA and required it to be posted in all federal government workplaces (akin to NLRB union rights poster), federal employees would think twice before throwing lavish parties with taxpayer funds. American taxes pay federal workers to protect us from fraud, not to stand by and ignore it. Not only is it a federal employee’s duty and obligation to abide by U.S. law, FFCA gives them incentives to become alert to, and shed light on, government fraud.