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# Using Data to Reduce Improper Payments: An Overview of the Do Not Pay Initiative

Payment integrity—ensuring that payments issued by federal agencies are accurate and proper—is a central concern in the stewardship of taxpayers' dollars. The Office of Management and Budget (OMB) identifies data and information access issues as being among the *root causes* of improper payments. *Improper payments* are those that should not have been made or were made in incorrect amounts, including overpayments and underpayments, under a statutory, contractual, administrative, or other legally applicable requirement (31 U.S.C. §3351(4)). OMB characterizes a root cause as "something that would directly lead to an improper payment, and if corrected, would prevent the improper payment."

According to data available on paymentaccuracy.gov, between FY2021 and FY2024, agencies estimated that a total of $765.8 billion in overpayments was caused by data or information access issues (see **Figure 1**). OMB describes three ways this might occur: (1) an agency fails to access available data; (2) an agency is unable to access available data (e.g., because statute restricts access in some way); or (3) the needed data do not exist (e.g., there is no known data source).

**Figure 1. Overpayments Due to Data Access Issues**

Total for FY2021-FY2024 Is $765.8 Billion
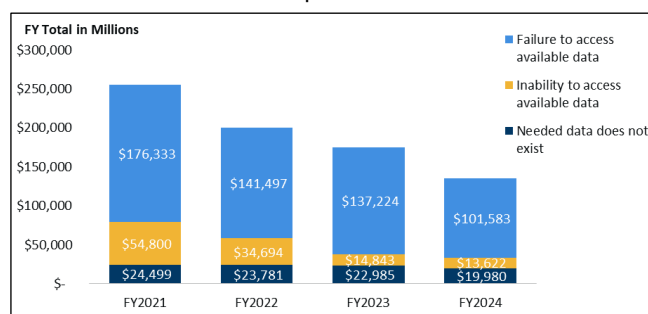


**Source:** CRS analysis of the 2024 improper payments dataset on paymentaccuracy.gov.

The Payment Integrity Information Act of 2019 (PIIA, P.L. 116-117) establishes government-wide requirements that are intended to reduce *improper payments*. Among its provisions, PIIA codifies the Do Not Pay (DNP) Initiative (31 U.S.C. §3354). Under this initiative, agencies have access to certain databases, enabling them to verify whether recipients are eligible to receive payments and prevent improper payments in cases of ineligibility.

## Types of Data Needed

As part of their annual reporting for paymentaccuracy.gov, agencies identify the types of data needed to determine whether a payment would be proper. OMB's guidance lists

several different types of data, such as data related to address or location (e.g., place of residency or of a property); the status of a contractor or provider (e.g., contractor standing and suspension determinations); financial status (e.g., value of assets, credit history, tax exemption status); or identity-proving (e.g., verifying that people are whom they say they are). The data on paymentaccuracy.gov suggests contractor or provider status-related data caused the largest share of overpayments related to data access issues for FY2021-FY2024 ($232.1 billion).

## The Do Not Pay Initiative

In general, PIIA requires agencies to ensure that their preaward and prepayment procedures provide for a "thorough review of available databases with relevant information on eligibility" prior to the release of any funds (31 U.S.C. §3354(a)). Preaward and prepayment procedures—which may also be referred to as *internal controls* within an agency—are generally considered essential for avoiding the more reactive "pay and chase" approach, where improper payments are disbursed and then agencies attempt to recover or recoup those funds.

### Using Databases

The DNP Initiative involves using databases to verify the eligibility of a recipient to receive a payment. This includes (1) certain databases enumerated specifically in statute, as discussed below, and (2) other databases designated by the OMB director that "substantially assist in preventing improper payments" (31 U.S.C. §3354(b)(1)). The OMB director's designations are subject to a public notice and comment period (31 U.S.C. §3354(b)(2)(B)). OMB has exercised its authority to expand the databases available to agencies through the DNP Initiative, including access to some databases maintained by federal agencies and to some nonfederal databases as well.

The use of databases enables data matching, where data concerning a potential payment recipient can be matched and compared with data from different data systems. Prior to issuing any award or payment, each executive agency is instructed to "at a minimum" review (1) the incarceration records maintained under 42 U.S.C. §402(x)(3) and §1382(e)(1)(I) and the death records maintained by the Commissioner of Social Security; (2) the General Services Administration's System for Award Management exclusion records; (3) the Department of the Treasury's Debt Check Database (associated with the Treasury Offset Program); (4) the Department of Housing and Urban Development's Credit Alert System (also referred to as the Credit Alert Interactive Voice Response System); and (5) the list of

excluded individuals and entities from the Department of Health and Human Services Office of the Inspector General.

PIIA permits each executive agency to have access to and use of the DNP Initiative databases (31 U.S.C. §3354(b)(3)(A)). In addition, states—including state agencies that are responsible for reducing improper payments of federally funded state-administered programs—are to have access (31 U.S.C. §3354(b)(3)(c)).

### Role of the Bureau of the Fiscal Service

The Bureau of the Fiscal Service (BFS)—a component of Treasury—facilitates access to the databases that are part of the DNP Initiative. These databases may be referred to collectively as "Do Not Pay" or the "DNP portal" and may also be referred to as the "working system." The working system was initially established under the Improper Payments Elimination and Recovery Improvement Act of 2012 (P.L. 112-248) to include both the use of databases and "analytic technologies and other techniques, which may include commercial database use or access" for investigations of fraud and "systemic improper payments detection" (126 Stat. 2394). While PIIA repealed P.L. 112-248 (134 Stat. 133), it preserved the operation of the working system and required agencies to continue reviewing all payments and awards for all programs and activities through the working system (31 U.S.C. §3354(c)). BFS characterizes its DNP activities as providing access to the DNP databases, data analytic services, and agency support (hereinafter referred to as "BFS's DNP" to differentiate it from the statutory provisions concerning the DNP Initiative). As of March 2025, BFS's DNP facilitates access to at least 19 databases.

There is no financial charge to an agency to use BFS's DNP, though there are other costs. An agency initiates the process to gain access to BFS's DNP, which BFS characterizes as taking "a significant amount of time to complete," with the time frame dependent on legal review at BFS and factors that vary with each agency (e.g., capacity).

Prior to issuing payments, agencies may still need to access other data sources that are not part of BFS's DNP, particularly if statute requires it (e.g., citizenship information to verify citizenship status). Separate from using BFS's DNP, a federal agency may have a data matching agreement with another federal agency to verify eligibility for a federal benefit program pursuant to the Computer Matching and Privacy Protection Act of 1988 (P.L. 100-503). Agencies may also use commercial data sources to reduce improper payments.

## Data Matches and Issuing Payments

BFS's DNP is designed to allow queries of multiple databases simultaneously using unique identifiers of the intended payment recipient—such as Social Security Number, Taxpayer Identification Number, Employer Identification Number, or Unique Entity Identifier—alone or in combination with the recipient's first name, last name, or business name. BFS's DNP uses exact match logic, meaning that a match in a database occurs only when there is an exact match to the identifiers used by an agency.

A match in BFS's DNP does not necessarily result in a payment being stopped. Instead, BFS's DNP presents an agency with information; the agency ultimately makes an eligibility determination, and the decision to issue a payment is based on its processes and policies. PIIA contemplates that an agency may be required to issue a payment regardless of whether the DNP Initiative identifies an intended payment recipient as possibly ineligible to receive federal funds because of other laws (31 U.S.C. §3354(b)(4)). For example, being debarred from nonprocurement programs and activities does not necessarily preclude eligibility for an entitlement or benefit payment.

### Payment Integration

Additionally, the Treasury Department performs certain matches *at the time of payment* (versus agency-initiated matches at the preaward or prepayment stages) through a process called payment integration. Specifically, death data sources from the BFS's DNP are matched against payment information that has been submitted to Treasury by agencies through the Payment Automation Manager, a processing system that is used government-wide to disburse almost all federal funds, including payments under federal benefit programs, tax refunds, and salaries. Any matches of payment recipients within BFS's DNP death data are then available for the agency to adjudicate post-payment—that is, determine whether the payment made was proper or improper and record it accordingly in BFS's DNP. BFS in turn uses these adjudications as a data source for its DNP.

## Issues for Congress

Despite a presumption of access, it is unclear exactly how many agencies use BFS's DNP or the extent of their use. Congress could choose to conduct oversight to assess the conditions that affect agency use of BFS's DNP and the effectiveness of the DNP Initiative.

For example, the Department of Transportation inspector general reported in November 2023 that the agency did not use BFS's DNP in prepayment processes as the PIIA requires. Similarly, the Small Business Administration inspector general reported that the agency had internal controls using BFS's DNP but did not adequately check each of the minimum databases required by PIIA. In February 2024, the Joint Financial Management Improvement Program announced a plan to monitor and track agency use of BFS's DNP as part of its *Payment Integrity Initiative: A Three-Year Plan to Advance Payment Integrity*.

Additionally, some agencies, such as the Office of Personnel Management and the Department of Defense, reported that they have regularly identified incorrect information in BFS's DNP across multiple fiscal years of use. Some agencies have also reported that the DNP Initiative has not reduced their improper payments.

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