

Statement for the Record
The U.S. House of Representatives Committee on Oversight and Government Reform
Subcommittee on Delivering on Government Efficiency
Hearing On: “The War on Waste: Stamping Out the Scourge of Improper Payments and Fraud”

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Chairwoman Greene, Ranking Member Stansbury and members of the Subcommittee, thank you for the opportunity to submit testimony regarding improper payments and ways in which the federal government can combat waste and fraud.

Managing complex federal government systems is a daunting task. It is therefore perhaps unsurprising that departments and agencies have experienced challenges across multiple administrations, Republican and Democratic.¹ These inherent risks make ensuring robust oversight and accountability absolutely critical. Thankfully, Congress created independent watchdog agencies in both the executive and legislative branches to promote efficiency and reduce fraud and corruption in the government. Chief among these are the Government Accountability Office and agency Offices of Inspector General.

The Government Accountability Office (GAO) is an independent, non-partisan watchdog agency that works for Congress. GAO was created more than 100 years ago to “provide[] Congress and federal agencies with objective, non-partisan, fact-based information to help the government save money and work more efficiently.”² In fiscal year 2024, GAO identified about \$67.5 billion in financial benefits for the federal government with a \$76 return for every dollar invested.³ GAO’s “average return on investment for the past 6 years is \$123 to \$1.”⁴ As of February 11, the executive branch has more than 5,386 outstanding GAO recommendations to complete including 480 priority recommendations.⁵ GAO has also monitored the challenges that departments and agencies across multiple administrations, Republican and Democratic alike, have experienced with improper payments.⁶ According to

¹ Government Accountability Office, *Payment Integrity: Significant Improvements Are Needed to Address Improper Payments and Fraud*, Sept. 10, 2024, <https://www.gao.gov/assets/gao-24-107660.pdf> (“Improper payments and fraud are long-standing and significant problems in the federal government. Since fiscal year 2003, cumulative improper payment estimates by executive branch agencies have totaled about \$2.7 trillion.”).

² Government Accountability Office, *About* (accessed Feb. 10, 2025), <https://www.gao.gov/about>.

³ *Id.*

⁴ *Id.*

⁵ Government Accountability Office, *Recommendations Database* (accessed Feb. 11, 2025), <https://www.gao.gov/reports-testimonies/recommendations-database>.

⁶ Government Accountability Office, *Improper Payments: Improvements Needed to Ensure Reliability and Accuracy in DOE’s Risk Assessments and Reporting*, June 17, 2020, <https://www.gao.gov/products/gao-20-442>; Government Accountability Office, *Payment Integrity: Significant Improvements Are Needed to Address Improper Payments and Fraud*, Sept. 10, 2024, <https://www.gao.gov/assets/gao-24-107660.pdf> (“Improper payments and fraud are long-standing and significant problems in the federal government. Since fiscal year 2003, cumulative improper payment estimates by executive branch agencies have totaled about \$2.7 trillion.”).

a recent GAO report, executive branch agencies have reported cumulative improper payment estimates of about \$2.8 trillion.⁷ To help address this issue, the bipartisan Payment Integrity Information Act of 2019 was signed into law by President Trump and “requires agencies to manage and report their improper payments.”⁸ The bill “also requires each agency’s inspector general (IG) to issue an annual report on compliance with applicable PIIA criteria.”⁹

As the members of this Committee know well, the Offices of Inspector General (OIG) at departments and agencies across the federal government have consistently played a key role in ferreting out government waste, fraud and abuse. OIGs were created by the Inspector General Act of 1978 in the wake of the Watergate scandal to serve as independent watchdogs in government.¹⁰ For decades under both Republican and Democratic administrations, inspectors general throughout the government have provided critical independent oversight that improved the integrity of our government and have identified millions of dollars of waste, fraud and abuse that they have then worked with their respective agencies to fix.

In Fiscal Year 2023 alone, the work of OIGs led to potential savings of \$93.1 billion, representing an average \$26 return on every dollar invested in OIGs.¹¹ Examples of their impact exist across agencies and departments. For instance, at the Small Business Administration the OIG’s investigation uncovered an individual who had submitted 85 fraudulent applications to the Paycheck Protection Program and obtained over \$17 million in fraudulent funds for their own financial benefit. As a result of the OIG’s work this individual was sentenced to 84 months of incarceration, 3 years of supervised release and ordered to pay \$17.9 million in restitution.¹² Or the Department of Veterans Affairs, where an OIG investigation uncovered two health service companies who engaged in a scheme to solicit and receive kickbacks from pharmacies in return for directing prescriptions for patients in federal programs to those pharmacies. This scheme cost the government more than \$6 million, but thanks to the OIG’s work the owners were not only sentenced to 14 to 15 months in prison, but each were also ordered to pay over \$4.4 million in restitution.¹³ Examples of this type of investigative work that results in money coming back into the American treasury and back into Americans’ pocketbooks can be found across the government.

If President Trump was serious about promoting government efficiency, he would have prioritized strengthening these already existing independent government watchdogs that reduce waste, fraud and abuse in the government including improper payments. He could

⁷ *Id.*

⁸ *Id.*

⁹ *Id.*

¹⁰ Cong. Research Service, *Statutory Inspectors General in the Federal Government: A Primer*, Nov. 13, 2023, <https://crsreports.congress.gov/product/pdf/r/r45450>.

¹¹ Annual Report to the President and Congress Fiscal Year 2023, CIGIE, https://www.ignet.gov/sites/default/files/files/CIGIEAnnualReporttothePresidentFY2023_FINAL.pdf.

¹² Semiannual Report to Congress, Small Business Administration OIG, Nov. 30, 2024, https://www.sba.gov/sites/default/files/2024-11/SBA%20OIG%20Fall%202024%20Semiannual%20Report%20to%20Congress_0.pdf.

¹³ Department of Veterans Affairs Office of Inspector General, *Semiannual Report to Congress Issue 92* (Apr. 1, 2024 to Sept. 30, 2024), https://www.vaog.gov/sites/default/files/document/2024-11/semiannual_report_to_congress_issue_92.pdf.

have issued an executive order directing his cabinet and federal agencies to expeditiously implement the thousands of open GAO and Inspector General recommendations outstanding in the Executive Branch. He could have suggested that OIGs get more resources. He did no such thing.

Instead, President Trump's approach to efficiency has been decidedly unserious. On his first day in office, the President co-opted the U.S. Digital Service and created a redundant so-called Department of Government Efficiency and appointed his billionaire campaign donor Elon Musk to lead the agency despite his potential conflicts of interest as a government contractor.¹⁴ Then, unfortunately, and shockingly, during his first days in office President Trump unceremoniously fired 17 independent inspectors general in a move that substantially increases the risk that government waste and fraud will go undetected, and unremediated.¹⁵ The Inspectors General fired by Trump include public servants who he nominated¹⁶ or who were voted favorably out of the Republican-led Senate, with their work having been lauded by Republicans and Democrats alike.¹⁷ The firings of the IGs by President Trump were also illegal, violating the bipartisan law requiring him to provide the 30-day notice and case-specific reasons for removal of an IG, as Chairman Chuck Grassley and Ranking Member Dick Durbin of the Senate Judiciary Committee recently noted in a letter to President Trump.¹⁸

If the members of this Committee are actually concerned about efficiency and oversight then I would expect vocal and bipartisan opposition to President Trump's illegal attacks on IGs and a demand for their reinstatement. In fact, the only other time when a president fired

¹⁴ Stephen Fowler, *With a new home for DOGE in the White House, here's what you need to know*, NPR (Jan. 29, 2025), <https://www.npr.org/2025/01/29/nx-s1-5270893/doge-united-states-digital-service-elon-musk-usds-trump-white-house-eop-omb>; Soo Rin Kim, *As Musk works to slash federal spending, his own firms have received billions in government contracts*, ABC News (Feb. 10, 2025), <https://abcnews.go.com/US/musk-works-slash-federal-spending-firms-received-billions/story?id=118589121>.

¹⁵ Zeke Miller, Eric Tucker And Will Weissert, *Trump uses mass firing to remove independent inspectors general at a series of agencies*, AP News (Jan. 25, 2025), <https://apnews.com/article/trump-inspectors-general-fired-congress-unlawful-4e8bc57e132c3f9a7f1c2a3754359993>.

¹⁶ *Id.*

¹⁷ See, e.g., Leo Shane III, VA, *DOD oversight questioned after Trump inspector general firings*, Military Times (Jan. 27, 2025)

<https://www.militarytimes.com/news/pentagon-congress/2025/01/27/va-dod-oversight-questioned-after-trump-inspector-general-firings/>; *Press Release: Ranking Member Takano's Statement on Trump's Late-Night Purge of 12 Inspectors General*, House Committee on Veterans Affairs Minority (Jan. 25, 2025),

<https://democrats-veterans.house.gov/news/press-releases/ranking-member-takanos-statement-on-trumps-late-night-purge-of-12-inspectors-general/>; @RepJamesComer, X (Jan. 8, 2025 4:46 PM),

<https://x.com/RepJamesComer/status/1877109718931407043>; *Ranking Member Raskin Reaffirms Support for Independent Inspectors General Ahead of Presidential Transition*, Committee on Oversight and Government Reform Democrats (Dec. 5, 2024),

<https://oversightdemocrats.house.gov/news/press-releases/ranking-member-raskin-reaffirms-support-independent-inspectors-general-ahead>.

¹⁸ Ruth Marcus, *Trump's Friday night massacre is blatantly illegal*, Washington Post (Jan. 25, 2025),

<https://www.washingtonpost.com/opinions/2025/01/25/trump-firing-14-inspectors-general-illegal/>.

Grassley, Durbin Seek Presidential Explanation for IG Dismissals, Senate Committee on the Judiciary (Jan. 28, 2025),

<https://www.judiciary.senate.gov/press/rep/releases/grassley-durbin-seek-presidential-explanation-for-ig-dismissals> (citing Pub. L. 117-263 The "President "shall" communicate to Congress in writing 30 days before removing or transferring an IG from office the "substantive rationale, including detailed and case-specific reasons" for the removal or transfer).

inspectors general en masse was in 1981 when President Reagan fired 16 IGs shortly after his inauguration.¹⁹ The immediate uproar from Congress and the public forced him to rehire several of them.²⁰ That is the response that we need here, and the response our country deserves if we are truly committed to identifying, removing and preventing waste, fraud and abuse.

President Trump's firing of inspectors is an escalation of the attacks he levied against them during his first term, during which CREW identified at least 25 actions he took to undermine the inspector general community.²¹ These include firing two permanent IGs, removing three acting IGs without any clear justification and appointing four IGs to dual roles, thus limiting their ability to operate independently—a critical aspect of the IG role.²² During his first term, President Trump also suggested that he would prevent the Special Inspector General for Pandemic Recovery from communicating with Congress about administration misconduct and obstruction, thus attempting to stifle Congress' constitutional oversight role.²³ These attempts to politicize IG offices undermined their independence, thus hindering their ability to identify waste, fraud and abuse. They were rightfully condemned by lawmakers on both sides of the aisle.²⁴

Also critical to the effective and efficient functioning of the federal government is a competent and experienced nonpartisan civil service. The proper administration of federal programs requires agencies to be staffed by individuals with a thorough understanding of statutory and regulatory schemes, institutional knowledge of the history of the programs, familiarity with relevant stakeholders inside and outside government and substantial technical expertise. That is what the career civil service provides.

Our merit-based civil service is critical to the government's ability to continue operating effectively, including the ability to identify, prevent and, when necessary, blow the whistle on improper government payments. The first Trump administration sought to upend the merit-based civil service by implementing an executive order referred to as "Schedule F," which would have stripped employment protections away from thousands of career civil

¹⁹ Jack Goldsmith, *Trump Fired 17 Inspectors General—Was It Legal?*, Lawfare (Jan. 27, 2025), <https://www.lawfaremedia.org/article/trump-fired-17-inspectors-general-was-it-legal>.

²⁰ Paul C. Light, *Off with Their Heads*, Brookings (May 1, 2002), <https://www.brookings.edu/articles/off-with-their-heads/>.

²¹ Donald K. Sherman, *Trump's war on watchdogs and what Congress can do about it*, CREW (June 15, 2020), <https://www.citizensforethics.org/reports-investigations/crew-reports/trumps-war-on-watchdogs-and-what-congress-can-do-about-it/>.

²² *Id.*

²³ Charlie Savage, *Trump Suggests He Can Gag Inspector General for Stimulus Bailout Program*, The New York Times (Mar. 27, 2020), <https://www.nytimes.com/2020/03/27/us/trump-signing-statement-coronavirus.html>.

²⁴ *Grassley Leads Bipartisan Call to Safeguard Inspector General Independence Following ICIG Removal*, Chuck Grassley (Apr. 8, 2020), <https://www.grassley.senate.gov/news/news-releases/grassley-leads-bipartisan-call-safeguard-inspector-general-independence-following>; Alexander Bolton and Laura Kelly, *Senate Republicans demand answers from Trump on IG firing*, The Hill (May 18, 2020), <https://thehill.com/homenews/senate/498425-senate-republicans-demand-answers-from-trump-on-ig-firing/>.

servants and replaced with political loyalists who likely would have prioritized blind obedience over following the law, leading to a government more prone to corruption.²⁵

As unprecedented, damaging, and in some cases illegal as President Trump's actions were towards inspectors general and the civil service during his first term, what we have seen unfold in recent days is on an entirely different scale.

On the day President Trump was sworn in, he signed a series of executive orders, including the order "Establishing And Implementing The President's 'Department Of Government Efficiency'" which effectively gave Musk carte blanche in the government.²⁶ Although Musk's mission is ostensibly to "improve the quality and efficiency of government-wide software, network infrastructure, and information technology (IT) systems," that is not what we're seeing. Instead, an unelected billionaire is launching a broadside against the government as we know it.²⁷ People working for DOGE, who in some cases may be teenagers, are getting access to sensitive government financial information, including at the Department of the Treasury, where individuals gained access to the department's payments system which sends out money on behalf of the entire government.²⁸ It is unclear whether the individuals accessing this information have the proper security clearances to do so.²⁹ In other instances, DOGE employees are attempting to close government agencies that were created by Congress, including USAID, whose inspector general was investigating USAID oversight of contracts with Starlink, which is owned by Musk's SpaceX, to bring internet service to foreign countries.³⁰

²⁵ See *Spoils System*, Encyclopedia.com; *Machine Politics*, PBS, <https://www.pbs.org/wgbh/americanexperience/features/presidents-unity-garfield/>; Gabe Lezra and Diamond Brown, *FAQ: The conservative attack on the merit-based civil service*, CREW (Jan. 25, 2024), <https://www.citizensforethics.org/news/analysis/faq-the-conservative-attack-on-the-merit-based-civil-service/>.

²⁶ The White House, *Establishing And Implementing The President's "Department Of Government Efficiency"*, Jan. 20, 2025, <https://www.whitehouse.gov/presidential-actions/2025/01/establishing-and-implementing-the-presidents-department-of-government-efficiency/>;

Michael Tomasky, *Will Elon Musk Do to the Federal Government What He Did to Twitter?*, *The New Republic* (Feb. 3, 2025), <https://newrepublic.com/article/191037/elon-musk-destroy-federal-government>.

²⁷ *Id.*

²⁸ David E. Sanger, *Musk Team's Treasury Access Raises Security Fears, Despite Judge's Ordered Halt*, *New York Times* (Feb. 8, 2025),

<https://www.nytimes.com/2025/02/08/us/politics/treasury-systems-raised-security-concerns.html>; Jason Leopold, Margi Murphy, Sophie Alexander, Jake Bleiberg, and Anthony Cormier, *Musk's DOGE Teen Was Fired By Cybersecurity Firm for Leaking Company Secrets*, *Bloomberg* (Feb. 7, 2025), <https://www.bloomberg.com/news/articles/2025-02-07/musk-s-doge-teen-was-fired-by-cybersecurity-firm-for-leaking-company-secrets>.

²⁹ Katherine Long, *DOGE Staffer Resigns Over Racist Posts*, *Wall Street Journal* (Feb. 7, 2024), <https://www.wsj.com/tech/doge-staffer-resigns-over-racist-posts-d9f11a93>;

Will Steakin, Katherine Faulders, Peter Charalambous, and Hannah Demissie, *Trump administration vows to rehire DOGE Treasury Department employee who resigned over racist posts*, *ABC News* (Feb. 7, 2025), <https://abcnews.go.com/US/trump-administration-vows-rehire-doge-treasury-department-employee/story?id=118587845>.

³⁰ Mike Wendling, *Musk's Doge takes aim at US consumer protection agency*, *BBC* (Feb. 8, 2025), <https://www.bbc.com/news/articles/cly48101n19o>.

PROJECT ANNOUNCEMENT: Inspection of USAID's Oversight of Starlink Terminals Provided to the Government of Ukraine, Office of Inspector General USAID (May 14, 2024), <https://oig.usaid.gov/node/6814>; Thomas Brewster, *USAID Signed Off On \$1 Million In Contracts For Elon Musk's Starlink Terminals In The Last Year*, *Forbes* (Feb. 8, 2025),

These concerning and, in some cases, illegal, actions involving IGs and the civil service are occurring at the same time that President Trump is eviscerating the independent ethics infrastructure within the executive branch. In the past week President Trump fired Hampton Dellinger, the head of the Office Special Counsel, who was temporarily reinstated by a federal judge.³¹ President Trump also dismissed David Huitema, Director of the Office of Government Ethics.³² These individuals were confirmed by the Senate less than a year ago to ensure the integrity of our government by investigating whistleblower claims and ensuring federal employees follow ethics laws. Their firings increase the likelihood of fraud, rather than reduce it.

CREW strongly urges members of this Subcommittee to oppose these actions taken by President Trump to hinder accountability and oversight. We thank you for the opportunity to provide this statement on preventing fraud and ensuring the integrity of our democratic institutions. We stand ready to work with this Subcommittee to craft solutions to corruption and waste including improper payments. Unfortunately, the actions that President Trump and Elon Musk have taken thus far will not do that.

<https://www.forbes.com/sites/thomasbrewster/2025/02/03/usaid-and-musk-were-partners-via-spacex-starlink/>.

³¹ Andrew Goudsward, *US whistleblower office chief temporarily reinstated after alleging improper firing*, Reuters (Feb. 10, 2025),

<https://www.reuters.com/world/us/head-us-whistleblower-office-alleges-trump-improperly-fired-him-2025-02-10/>.

³² Sean Michael Newhouse, *Ethics and whistleblower officials fired by Trump*, Government Executive (Feb. 10, 2025),

<https://www.govexec.com/management/2025/02/ethics-and-whistleblower-officials-fired-trump/402887/?oref=ge-featured-river-top>; *CREW statement on OGE director firing*, CREW (Feb. 10, 2025),

<https://www.citizensforethics.org/news/press-releases/crew-statement-on-oge-director-firing/>.