

**FEDERAL PANDEMIC SPENDING:  
A PRESCRIPTION FOR WASTE,  
FRAUD AND ABUSE**

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**HEARING**  
BEFORE THE  
**COMMITTEE ON**  
**OVERSIGHT AND ACCOUNTABILITY**  
**HOUSE OF REPRESENTATIVES**  
ONE HUNDRED EIGHTEENTH CONGRESS  
FIRST SESSION

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*The documents listed are available at: [docs.house.gov](https://docs.house.gov).*

## **FEDERAL PANDEMIC SPENDING: A PRESCRIPTION FOR WASTE, FRAUD AND ABUSE**

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**Wednesday, February 1, 2023**

HOUSE OF REPRESENTATIVES,  
COMMITTEE ON OVERSIGHT AND ACCOUNTABILITY,  
*Washington, D.C.*

The committee met, pursuant to notice, at 10:05 a.m., in room 2154, Rayburn House Office Building, Hon. James Comer (chairman of the committee) presiding.

Present: Representatives Comer, Gosar, Foxx, Grothman, Palmer, Higgins, Biggs, Mace, LaTurner, Fallon, Donalds, Sessions, Armstrong, Perry, Timmons, Burchett, Greene, McClain, Boebert, Fry, Luna, Edwards, Langworthy, Burlison, Raskin, Norton, Lynch, Connolly, Krishnamoorthi, Khanna, Mfume, Ocasio-Cortez, Porter, Bush, Brown, Gomez, Stansbury, Garcia, Frost, Balint, Lee, Casar, Crockett, Goldman, and Moskowitz.

Chairman COMER. We will call this hearing to order, the first hearing of the 118th Congress for the House Committee on Oversight and Accountability. Welcome.

As chairman, I intend to focus this committee's attention and resources on its core mission, to ensure our government is working for the American people in an efficient manner, agencies guard taxpayer funds from fraudsters and ineligible participants, and political leadership be held accountable for bad consequences of their policies.

Last Congress, Democrats strayed far from this mission. The Biden Administration faced little to no scrutiny under unchecked one-party Democrat rule in Washington. This committee conducted almost no oversight of Federal Government agencies, programs, or policies. The non-partisan Lugar Center gave Democrats an F in oversight last Congress. Instead, this committee spent its time and resources demonizing America's oil and gas industry, investigating an NFL football team, and examining pet flea and tick collars.

The American people have suffered from the lack of oversight and accountability. Crises have continued and worsened. Our Nation is facing the worst border crisis in American history. Fentanyl, which is coming across the Southern border, is the leading cause of death for many Americans. Americans are facing high energy prices resulting from policies aimed at diminishing domestic energy production, and the American people have struggled with consequences of prolonged COVID closures and lockdowns, inflation,

and shortages of labor and goods. That is why this first hearing is so important.

Today's hearing is the first step in examining the massive waste, fraud, and abuse in COVID relief programs. In March 2020, the United States struggled to respond to growing threats presented by COVID-19. With the economy on the brink of collapse, Congress passed a series of bills intended to both fund the public health response and keep the economy afloat. The largest of these measures was the Bipartisan CARES Act. It created programs like the Paycheck Protection Program, which saved jobs at small businesses across the country. It rolled out pandemic unemployment insurance to help American workers who were victims of business closures and spiking unemployment. These programs brought relief to many Americans, but with massive government spending comes opportunity for waste, fraud, and abuse.

Unfortunately, Democrats conducted little oversight of the over \$2 trillion spent under the CARES Act. They did the exact opposite. They spent another \$2 trillion, but this time with absolutely no protections or guardrails to prevent waste. And worse, they spent this money when there was no sign that it was actually needed. This out-of-control spending led to 40-year high inflation, kept people out of work longer, and harmed our economy. During the markup for this legislation, many of us warned that without oversight mechanisms in place, taxpayer dollars were at risk of being misused or lost to fraud, waste, or abuse.

Republican amendments would have put strings attached on those dollars. They would have allowed for oversight, but Democrats voted down every single amendment we offered. And what happens if there is no oversight? Nothing good. We have seen reports that between \$163 billion to \$400 billion in unemployment insurance benefits were paid out improperly. We have seen reports that between \$76 billion to more than \$100 billion in Paycheck Protection Program and Economic Injury and Disaster Loan Programs were lost to improper payments. We have seen reports that \$266 billion in improper payments were made by Medicaid during the pandemic. That is why we are having our first hearing of the new Congress on waste, fraud, abuse in pandemic spending programs. We will hold many more of these hearings on this important issue.

We owe it to the American people to get to the bottom of the greatest theft of American taxpayer dollars in history. We must identify where this money went, how much ended up in the hands of fraudsters or ineligible participants, and what should be done to ensure that it never happens again. This committee will evaluate the hundreds of billions of dollars in grants and loans doled out for nearly every agency in the Federal Government to ensure those funds were appropriately used to respond to the pandemic and not wasted on ineligible payees or unrelated matters.

We will investigate the \$189 billion in elementary and secondary school emergency relief funds, money meant to help reopen schools and address learning loss. Instead, these funds were often used on unrelated expenditures and even to push divisive ideologies onto our students. We will work to ensure that the watchdogs in our offices of Inspectors General and our law enforcement officers, agents, and prosecutors have the tools they need to track down

fraudsters and recover illegally obtained COVID-19 taxpayer funds.

This committee has for too long stood on the sidelines while taxpayer dollars were wasted by bureaucrats, whose only priority is getting money out the door. Today, we will hear from Inspector General Michael Horowitz, GAO's comptroller general, Gene Dodaro, and assistant director, David Smith, with the Office of Investigations at the Secret Service. Thank you all for being here to testify about your efforts to conduct oversight of pandemic funding.

I now yield to Ranking Member Raskin for his opening statement.

Mr. RASKIN. Mr. Chairman, thank you kindly. Our committee's purpose is to ensure that government is effectively delivering on its promises to the American people. And as the new ranking member, I am eager to work with you and the rest of the committee in carrying out this shared responsibility in a thorough, serious, non-partisan, and even-handed way.

When I heard that our first hearing would spotlight pandemic relief programs, I was pleased because I thought it would follow up on everything the Democratic majority had been doing in the 117th Congress since COVID-19 began. I was hopeful for an opportunity to consider together how we can identify schemes of fraud and self-enrichment, ripping off the taxpayers, and continue to strengthen the structural efficiency of critical government programs that help families and businesses across America meet the challenges of the pandemic. Just as the political system and the campaign finance system have recently been proven shockingly vulnerable to imposters, hustlers, con men, big liars, outright fraudsters, and fakes, some of the programs developed to respond to the COVID-19 pandemic have proven vulnerable to the relentless, deceitful, and fraudulent designs of criminal predators when they, too, decide to exploit the generosity of the American people. The traditional language of waste, fraud, and abuse does not quite capture the confidence games in organized criminal artifices and schemes that have targeted and exploited relief programs built on the solidarity and goodwill of the American people.

The House Select Subcommittee on the Coronavirus, which was chaired in the last Congress by then Majority Whip Clyburn, and which I served on, led the effort to identify and combat these criminal actors. The subcommittee conducted no fewer than seven hearings focused on rooting out fraud in relief programs. I will never forget how under Chairman Clyburn's leadership, in our first week or two of existence, the subcommittee recovered an improper \$10 million Paycheck Protection Program loan. Less than three months later, we helped secure the return of \$109 million from a nursing home chain that was not using the loan as Congress had specifically intended.

In March 2021, we exposed how the Trump administration's reckless mismanagement of small business relief programs and refusal to implement basic anti-fraud controls led to nearly \$84 billion in fraudulent loans. Just months later, we issued another report highlighting how the Trump administration awarded \$95.7 million in pandemic Food Box Program funds to three companies that all raised severe red flags. Then again, in April 2022, we

showed how Trump White House officials overruled career Department of Defense officials to approve a \$700 million national security loan to a single company in violation of legal requirements, and so on. We used the spotlight and bully pulpit of a small subcommittee to expose and reverse colossal frauds taking place against the American people.

While I remain optimistic that this hearing can meaningfully explore ways to ensure the taxpayer dollars go where intended, I confess I am troubled that some of our colleagues seem to want to cherry pick facts and deploy distorted figures to attack the underlying legitimacy of the programs themselves, the programs that were a lifeline and salvation for millions of businesses and families across the country. Recall that while the former President denied, trivialized, and dismissed the COVID-19 pandemic, it was Congress which acted responsibly, and swiftly, and in bipartisan fashion to create and supercharge programs that saved countless businesses and families from bankruptcy and ruin. These programs included expanded unemployment insurance benefits and the PPP Program, which empowered families and businesses to avoid economic collapse. As a result of our actions, the COVID-19 economic recession was the shortest on record.

The programs were by no means perfect. Antique government IT systems, many running on obsolete software, collapsed and were incapable of adapting to the scope of the crisis. States entered the pandemic at a 50-year low for unemployment insurance system funding, and UI claims burgeoned from 211,000 to 6.6 million, a 3,000 percent increase over a three-week period in March 2020. People unsure of how they would pay their housing or medical bills panicked as they waited hours on phone calls for customer service representatives were reached, to endless busy signals in unemployment insurance purgatory. My home state of Maryland was no exception. In the one-year period from March 2020 until March 2021, my district office received 1,400 anguished constituent requests for help with unemployment. This is in contrast to one constituent request we received in all of 2019.

Congress asked agencies and states to do the near impossible, and they did their very best. Expanded UI benefits kept an estimated 5 million to 6 million people out of poverty in 2020 and 6.7 million people above the poverty line in 2021. The Center for Budget and Policy Priorities estimates that expanded benefits may have saved the lives of as many as 27,000 people in high-risk occupations who may have died from COVID had they not had access to benefits.

Organized criminals and fraudsters took advantage of these circumstances by exploiting weaknesses in our IT systems. This problem was compounded by critical decisions made by the Trump administration that hamstrung pandemic relief and anti-corruption oversight from the very outset, crippling the government's ability to detect fraud. Despite specific legislative instruction from Congress in our pandemic relief bills, the Trump administration regularly told agencies to ignore data reporting requirements. But congressional Democrats and the Biden Administration have worked diligently from the start to recover funds stolen by organized criminal groups and other fraudsters, helped states modernize their IT



systems, and build new structural capacities to detect and prevent fraud. Under President Biden's leadership, departments and agencies across the government moved swiftly to strengthen program integrity and bolster efforts to prevent, detect, and pursue fraud, which festered under the lackadaisical stewardship of the prior administration.

In the days preceding this hearing, Republicans have claimed that Democrats on this committee and in the Biden Administration neglected to conduct meaningful oversight of these programs. The record demonstrates these assertions are baseless. Democrats have systematically ferreted out fraud, waste, and abuse in pandemic relief, although we all can certainly be doing a much more effective job, and that is what this hearing should be about. As the work of the 118th Congress commences, I urge all of my colleagues across the aisle and on our side to remember the crucial role this committee must play in eliminating fraudulent schemes by imposters in order to protect the integrity of the programs that we adopt and that America needs. With that, Mr. Chairman, I am happy to yield back.

Chairman COMER. The ranking member yields back. It gives me great pleasure to introduce our panel. I will go through and introduce each member, and then we will turn it over to begin their opening statements, but let me say this. This is a pretty quality panel. I think if you wanted to have the perfect hearing to determine waste, fraud, and abuse in the Federal Government, I can't think of three better witnesses from three more appropriate agencies to come before this committee. And I think you will see this is going to begin a trend of having credible witnesses that are here to talk about serious substantive issues, and I am very proud of this witness panel today.

Our first witness today is Mr. Gene Dodaro, the eighth comptroller general of the United States and head of the U.S. Government Accountability Office, or GAO. In a career spanning over 49 years at GAO, Mr. Dodaro has worn many hats and testified before Congress dozens of times on important national issues, including waste, fraud, abuse, and mismanagement in the Nation's response to the Coronavirus pandemic. Mr. Dodaro's extensive experience at the helm of an agency, often referred to as the congressional watchdog, is invaluable. We are glad to have you here for this very important oversight topic, and we look forward to your testimony.

Our second witness, no stranger to Congress, is Mr. Michael Horowitz, who is the chair of the Pandemic Response Accountability Committee, or PRAC, and Inspector General of the Department of Justice. Mr. Horowitz is testifying today in his role as chair of PRAC, an entity created by the CARES Act to support independent oversight of pandemic relief spending. The PRAC coordinates cross-agency investigations by agency inspectors general, enabling faster identification of fraud search across multiple programs. This is a very important role, Mr. Horowitz, and the committee looks forward to learning more about your and your colleagues' efforts to detect fraud, waste, abuse, and mismanagement of taxpayer dollars.

Our third witness is Mr. David Smith, assistant director Office of Investigations at the U.S. Secret Service. As the 28th assistant

director for the Office of Investigations, Mr. Smith leads the Agency's global investigative mission, comprising 161 offices and over 3,000 employees. Mr. Smith's office also oversees the Secret Service's national pandemic fraud investigations and cross-agency coordinated efforts, including investigations of foreign nationals stealing COVID relief funds. I look forward to hearing about the Agency's investigations into pandemic relief fraud and ongoing efforts to counter such activities. Welcome, Mr. Smith.

We will begin with Mr. Dodaro, and I hope I pronounced that right. I apologize if I didn't.

**STATEMENT OF GENE L. DODARO, COMPTROLLER GENERAL  
OF THE UNITED STATES, UNITED STATES GOVERNMENT  
ACCOUNTABILITY OFFICE**

Mr. DODARO. It was excellent, Mr. Chairman. Very good. I appreciate it. Thank you very much.

Good morning, Mr. Chairman, Ranking Member Raskin, members of the committee. Very pleased to be here. I commend you, Mr. Chairman, for holding this hearing, and I am very pleased to see the attendance.

I would like to focus my comments this morning on four points that I believe were the main causes of the widespread fraud that has occurred and what could be done to deal with these issues. First, agencies should have been much better prepared in order to prevent fraud in the first place. We worked with the Congress back in 2016 when the Congress passed the Fraud Reduction and Data Analytics Act, which required agencies to implement GAO's fraud risk framework to help prevent fraud in the first place. Agencies were slow to implement this legislation and, therefore, were not prepared properly when the Coronavirus emergency occurred. This needs greater attention and oversight, I believe, from this committee.

Second, the urgency in providing relief funds led to tradeoffs that limited the ability to achieve accountability and transparency goals of the legislation. These tradeoffs included allowing self-certifications and applications, limiting the amount of supporting documentation that applicants had to apply. These tradeoffs, along with internal control weaknesses within the agencies, made these programs much more susceptible to fraud than otherwise would have been the case. Now, Congress rectified some of these tradeoffs in subsequent legislation. Agencies have begun to implement our recommendations, but there is much more that needs to be done to deal with the remaining COVID programs to catch people who have perpetrated fraud and bring them to justice. But unless we make these changes, we are not better prepared for the future, for future emergencies, which certainly will come with disaster assistance, and relief, and other events that are unforeseen, but certainly will come.

Third, advocating, and I have done this before, that there is a permanent center for excellence and analytics in the inspector general community. Now, this first one was created back in the Recovery Act when we had the Great Recession, and that recovery operation center helped prevent fraud and enabled the IGs to work to-

gether because a lot of the fraudsters hit multiple programs as well, and this brought in great data analytics experience. Unfortunately, this center was terminated in 2015, and I recommended that Treasury had the ability to pick up the center operations. They declined on that. I recommended that Congress make it permanent at that point in time. I was not successful. I am at it again, and I think it makes sense to have this to deal with.

Fraud occurs in regular Federal programs all the time, as well as improper payments, which we talk about in our statement. If you had this permanent capability, it would not only deal with regular fraud, but it would be ready and there when emergencies occur, and you won't waste time standing up. Every day wasted is another day susceptible to fraud and improper payments. This would help.

Fourth, the government has an underlying improper payment problem. These are payments that shouldn't have been made or made in the wrong amounts, and I have testified before this committee many, many times on this problem over the years. It occurs in a wide range of Federal programs. It is pervasive across the government. So, when you have that type of problem that we are not dealing with on a regular basis, and you add additional spending, billions, hundreds of billions, in this case, trillions of dollars, you are going to have these types of problems in place. So, I have many recommendations in my testimony that I think would help address this issue, and I have put forth at least 10 legislative suggestions for how Congress can act to make sure that this problem doesn't happen again at the magnitude in which we have seen in this particular case.

So, I am looking forward to answering questions today. I am also looking forward to working with this committee to put solutions in place that can guarantee when the Federal Government finds it necessary in this case to provide funds for public health purposes and the economic repercussions of disasters, that it is done in a way that gets the funds to the people who need it and not allow this type of fraudulent activity to plague our national programs.

Thank you very much, Mr. Chairman.

Chairman COMER. Thank you. Mr. Horowitz?

**STATEMENT OF MICHAEL E. HOROWITZ, CHAIR, PANDEMIC RESPONSE ACCOUNTABILITY COMMITTEE, AND INSPECTOR GENERAL, U.S. DEPARTMENT OF JUSTICE**

Mr. HOROWITZ. Thank you. Mr. Chairman, Ranking Member Raskin, members of the committee, thank you for holding today's very important hearing.

This committee has consistently worked on a bipartisan basis with the oversight community to advance program payment integrity, government spending transparency, and the use of data analytics, all of which have helped us to fight fraud, waste, and abuse, and ensure that government benefits go to those who need them most. Yet, as our pandemic oversight work has demonstrated, far more can and should be done to protect taxpayer money.

For example, earlier this week, we issued a fraud alert, finding that over 69,000 questionable Social Security numbers were used

to obtain \$5.4 billion in pandemic loans and grants. This alert resulted from PRAC data scientists using our analytics platform to assess over 33 million EIDL and PPP loan applications. From that work, they developed a targeted subset of applications and asked the Social Security Administration if the name, date of birth, and Social Security numbers on those applications fully matched information in SSA's records. Over 69,000 didn't. This type of advanced data analytics work is transforming how we do oversight and would not have been possible without this committee's support for data transparency and spending accountability.

Our fraud alert also demonstrates the need for additional measures to improve program integrity. In particular, agencies must strike a better balance both in times of crises and in routine program administration between the speed with which they issue benefits and the need to assess applicant eligibility before payments are sent out. For example, SBA's central focus on getting PPP loans issued as quickly as possible at the outset of the pandemic, based solely on an applicant self-certification of eligibility, resulted in substantial fraud as well as SBA issuing 57,000 loans worth \$3.6 billion to entities that were already on the government's Do Not Pay list, a list SBA didn't bother to cross check.

The Federal Government needs more robust cross-agency data sharing agreements to improve program administration, reduce improper payments and identity fraud, and better prepare before the next crisis hits. For example, consent-based identity verification systems can have a significant impact in reducing identity fraud, as we detailed in our fraud alert. Similarly, authorizing agencies to access SSA's Master Death File index would help eliminate improper payments to deceased individuals. These are just two of many eligibility verification tools that agencies should be using.

Our oversight reports also highlight the need for agencies to be more transparent about spending information and to address data reporting gaps and data reporting weaknesses. The public has a right to know how its money is being spent, and policymakers need to be able to assess whether programs are effective. Moreover, transparency results in greater accountability. As Justice Brandeis famously stated, transparency is said to be the best of disinfectants.

Through our oversight work, we are making progress. For the past two years, we have met weekly with OMB leadership and the American Rescue Plan implementation team. These meetings have enabled the PRAC and IGs to timely share concerns with executive branch leadership and ensure that impediments to our oversight are being addressed promptly. We have also participated in more than two dozen meetings on agency-specific pandemic relief programs prior to their implementation and before money went out the door. In December 2021, OMB issued a memorandum highlighting the value of this model and institutionalizing it.

Finally, let me touch on three PRAC legislative priorities. First, we hope Congress will take up legislation to make permanent the PRAC's data analytics platform. Taxpayers need that sophisticated tool to continue to exist, and I appreciate the Comptroller General's continued support for that. Second, Congress should consider raising the jurisdictional amount in the Program Fraud Civil Remedies

Act from \$150,000 to \$1 million so IGs can more effectively pursue smaller-dollar frauds. Finally, Congress should consider extending from 5 to 10 years the statute of limitations for pandemic unemployment insurance fraud as it did last year with PPP and EIDL fraud.

The PRAC and the IG community is committed to using all of the tools we have been provided—criminal, civil and administrative—to pursue for the taxpayers every dollar that fraudsters stole from pandemic programs. Thank you for your continued support for those efforts, and I would be pleased to answer any questions the committee may have.

Chairman COMER. Thank you, Mr. Horowitz. Mr. Smith?

**STATEMENT OF DAVID SMITH, ASSISTANT DIRECTOR, OFFICE OF INVESTIGATIONS, UNITED STATES SECRET SERVICE**

Mr. SMITH. Good morning, Chairman Comer, Ranking Member Raskin, and distinguished members of the committee. Thank you for the opportunity to appear today and discuss the ongoing efforts of the U.S. Secret Service to counter pandemic-related fraud. As the chairman mentioned, I serve as the assistant director for the Secret Service Office of Investigations, overseeing our 161 offices. I also oversee our 42 cyber fraud task forces that are central to our criminal investigations. I also direct our National Computer Forensics Institute in Hoover, Alabama, which trains and equips local law enforcement, as well as prosecutors and judges. I thank you all for your recent support of our institute and reauthorizing it.

For more than 150 years, the Secret Service has conducted criminal investigations to protect the American public and financial infrastructure from criminal exploitation. We continue to do so while also fulfilling our protective duties. After 21 years in Federal law enforcement, exploitation of government programs by criminals is not new to me. I often say the pandemic didn't create any new criminals. It just provided more opportunities for them to exploit. Countering pandemic-related fraud has been our investigative priority since March 2020. In less than three years, we have opened thousands of investigations, recovered over \$1 billion, arrested nearly 500 criminals, yet there is more work to do. It is our duty to detect and arrest criminals, seize their illicit assets, and disrupt their networks. Our experience in combating pandemic-related fraud reaffirms our investigative strategy. We continue to evolve our application of technology and training to develop skilled investigators, who can in turn combat emerging criminal tactics.

We recognize the potential for fraud based on our experience following major disasters. Prior to the CARES Act enactment back in March 2020, we reached out to some natural partners to include the Offices of the Inspector General for the Small Business Administration, the Department of Labor, and the Council of the Inspector Generals on Integrity and Efficiency. We understood that many key partners had limited resources, and the best way to address the potential wave of fraud was to work together. We also worked with our longstanding partners in fighting financial crimes at the

Department of Justice, including U.S. attorney's offices around the country, the Department of Treasury, FinCEN, and many others.

The Secret Service is seeing the full spectrum of pandemic-related fraud. This included N-95 mask schemes, ransomware attacks targeting hospitals, the wide use of stolen identities, and inmates applying for benefits. Numerous cases also involved insiders with access to personal data. Criminals were prepared to exploit the pandemic, in part because for years they were selling identities stolen from past data breaches. They were also fabricating identities using personal and financial data to real people combined with false information. Our investigations also reveal that criminals used shell companies and false employment information. These tactics were repurposed for broad use during the pandemic.

In closing, I will share some observations from our pandemic-related fraud investigative experience. The prevalence of identity theft and the volume of personal data assessable to criminals is undeniable. Continuing to improve identity verification standard for government funding programs is important. Advanced collaboration, as some of my colleagues mentioned earlier, between government entities and the financial sector is essential for mitigating fraud targeting government programs, especially during emergencies. Ensuring law enforcement are at the table would be a major step in curtailing fraud of this magnitude as well. Our cyber fraud task forces are a proven model for such collaboration in these task forces. Similarly, in our protective mission, we constantly communicate the importance of sharing information and planning for contingencies.

Thank you again for the opportunity to testify today, and I am honored to represent the dedicated men and women of the Secret Service. I look forward to your questions.

Chairman COMER. Thank you, Mr. Smith. Before we get to the questions, I am going to ask if you will stand and take the oath here. Do you all—raise your right hands?

Do you all swear or affirm that the testimony you are about to give is the truth, the whole truth, and nothing but the truth, so help you God?

[A chorus of ayes.]

Chairman COMER. Let the record reflect the witnesses have all answered in the affirmative, and we want to thank you.

Without objection, your written statements will be made part of the record.

And before we move into the question portion, we have a lot of new members, a lot of freshmen that have never served in any committee in Congress, and I just wanted to make sure everyone knows the rules here. We will rotate back and forth five minutes. Please adhere to the five minutes. We are going to try to be strictly by the book. The order is determined by myself and Ranking Member Raskin. Please be respectful of everyone's five minutes. I was telling some of the freshmen that during the 2017 session, my first full year in Congress, I was the very last person, dead last in seniority in the very far corner, and you appreciate when people don't go over their time. But this is your time to ask anything you want, so please, to both sides, let's be respectful of each member's five

minutes. With that, I will begin questioning, and we will start with Mr. Horowitz.

You mentioned the Do Not Pay list. Can you briefly tell us what that is?

Mr. HOROWITZ. So, Treasury has set up a list of suspicious payees. It doesn't mean they are not eligible. It doesn't mean they can't get benefits. It means that they are on a list that requires, at a minimum, secondary screening, secondary consideration, and evaluation.

Chairman COMER. Was this used by government agencies to prevent fraud? So, this is a tool that I would assume would have been eligible in their toolbox. Let's say the Small Business Administration or some agency that was doling out a lot of money really quickly, did they utilize the Do Not Pay list?

Mr. HOROWITZ. They did not, and the issue there is we have heard over and over again, at the time, well, we needed to get the money out right away. There was an emergency. No dispute about that. We needed to get the money out right away. There was an emergency. It gets back to what the Comptroller General said. He needs to be ready for that. This list was sitting there. This was not anything that would have taken much time. There needs to be preparation.

Chairman COMER. So, let me get this straight. The Do Not Pay list, I would assume that would be people that owe back taxes, people that maybe owe child support?

Mr. HOROWITZ. There are a variety of reasons——

Chairman COMER. Convicted of fraud.

Mr. HOROWITZ. Indicative of potential fraud, indicative of individuals who are in arrears in other payments. You can get on the list for a variety of reasons.

Chairman COMER. So, how many people do we know received money from the Federal Government that were on the Do Not Pay list?

Mr. HOROWITZ. I don't know across all programs. What I do know is from the SBA's PPP Program because almost \$400 billion went out in two weeks——

Chairman COMER. Right.

Mr. HOROWITZ [continuing]. In that program, of that amount, \$57,000, \$3.6 billion shouldn't have gone out right away. I am not saying every one of those would have been denied, but at a minimum, there should have been secondary screening.

Chairman COMER. So, what would be involved? What would this SBA had to have done, if we could go back in time, to ensure that people on the Do Not Pay list were flagged at least for further review?

Mr. HOROWITZ. Well, frankly, interacting with the Treasury Department in advance to make sure that that screening was occurring, that data matching was occurring.

Chairman COMER. Yes. Unbelievable. Mr. Dodaro, by the end of 2020, Congress had already passed five laws containing more than \$3 trillion in COVID relief funds. More than \$1 trillion had been flagged by GAO as at-risk for waste, fraud, abuse. Inspectors general and law enforcement officials were already highlighting concerns about COVID relief money flowing to criminals and other in-

eligible recipients instead of Americans in need, and the economy was improving. Nevertheless, Democrats insisted on \$1.9 trillion more COVID relief spending through the American Rescue Plan Act, ARPA, putting those funds at risk and theft and the economy at risk of massive inflation and recession. So sir, did we lose funds included in the American Rescue Plan to fraud, and were additional improper payments made at the ARP after the ARP was passed?

Mr. DODARO. Yes. I mean, the improper payments estimate, for example, for 2022 is the first year that the Paycheck Protection Program and the Economic Injury Disaster Loan Program made improper payment estimates. That was about \$29 billion for PPP and about \$7 billion, over \$6 billion for the EIDL program. We had urged that those improper payments be made earlier in 2021, but they didn't make those estimates then.

Chairman COMER. Did you encourage Congress to do that?

Mr. DODARO. No, the agencies. And my recommendations to the Agency—

Chairman COMER. What could Congress have done to have prevented this?

Mr. DODARO. As one of my legislative recommendations from GAO is that any new programs over \$100 million—not billion—\$100 million, be designated immediately because of this past problem to be susceptible to improper payments and, therefore, make an estimate in the very first year of the program. Right now, the improper payments estimates only have to be made 2 or 3 years after a program has already started. It is too late. It is too late. And some of these temporary programs, they are all done. So Congress can and should have that as a requirement to be put in place.

Chairman COMER. Well hopefully, that will be some kind of bipartisan legislative fix from this committee very soon. Mr. Horowitz, same question. I have got 40 seconds. What warning signs were there, and what should have been done?

Mr. HOROWITZ. There were plenty of warning signs. Frankly, the urgency and speed to get it out without any consideration of what was already available to use, like Do Not Pay, as we did in our fraud alert this week, had there been agreements in place, they could have checked again. So, Security Administration, I think it is very important that consent-based verification tools be put in place for programs. What you need to know is whether the applicant is eligible. You can't just self-certify, and they were relying on self-certification.

Chairman COMER. Wow. Thank you. I am sure we will have many discussions moving forward, but my time has expired. I yield to the distinguished ranking member, Mr. Raskin, for five minutes.

Mr. RASKIN. Mr. Chairman, thank you much. Mr. Horowitz, following up on that, when did the SBA start using the Do Not Pay program to check the eligibility of applicants for PPP loans?

Mr. HOROWITZ. Following recommendations by SBA OIG, the PRAC, and GAO. They started in 2021.

Mr. RASKIN. In January 2021, at the beginning of the Biden administration.



Mr. HOROWITZ. They said they were, and actually I am not sure who exactly started then. One of the issues has been getting them to implement.

Mr. RASKIN. Yes.

Mr. HOROWITZ [continuing]. Statement, what they said, but they did make efforts to start, and they did subsequently start doing that.

Mr. RASKIN. Great. Well, when we passed the CARES Act in 2020 and we created the Pandemic Response Accountability Committee, which you lead, the CARES Act included specific language directing the PRAC to create a user-friendly website——

Mr. HOROWITZ. Right.

Mr. RASKIN [continuing]. To give the American people an overview of how pandemic relief funds were being spent all the way down to the project, community level. But guidance released on April 10, 2020, by President Trump, made it nearly impossible to effectively track pandemic relief funding past the first distribution. And, Mr. Chairman, I would want to ask unanimous consent to insert the administration's April 10, 2020, guidance into the record.

Chairman COMER. Without objection.

Mr. RASKIN. So, Mr. Horowitz, how did this guidance affect the PRAC's ability to identify and prevent pandemic relief fraud?

Mr. HOROWITZ. So, in the CARES Act, Congress said that the PRAC needed to launch a website within 30 days. We did. Go to *pandemicoversight.gov*, you can see how the money has been spent. You can get to your local zip code if you would like. We were challenged at the outset because OMB leadership decided to use what was already existing, reporting tools in *USAspending.gov*, which we did not believe was sufficient, GAO did not believe was sufficient, and SBA, and others IGs didn't believe was sufficient to meet the requirements of the CARES Act.

The memorandum that went out that you mentioned put that in place, and it limited our ability at the outset to get the data we needed. For folks who followed our website from 2020 forward, you will see gradual additions to the website. Indeed, SBA wouldn't give us the information. This was an SBA agency issue until September or October 2020. We couldn't get much of any data from them because they were litigating FOIA lawsuits.

Mr. RASKIN. Got you. So, do you think that that guidance met the language and the spirit of the CARES Act requirements for tracking pandemic relief spending all the way to the ground?

Mr. HOROWITZ. The public should know where money went. Congress needs to know where money went. You can't figure out whether a policy worked, whether it has been defrauded, who is accountable if you don't know where the money went.

Mr. RASKIN. Mr. Dodaro, following the 2008 financial crisis, President Obama signed the American Recovery and Reinvestment Act to stimulate the economy and to get us out of the Great Recession. I think that was a \$787 billion program if memory serves. Do you think that that Trump administration 2020 guidance we are talking about effectively incorporated lessons that were learned from Obama's successful implementation of the American Recovery and Reinvestment Act?

Mr. DODARO. Not to the full extent that they should have been. The Recovery Act reporting required reporting from recipients, and the Recovery Act Board created that, so you had much more timely reporting than what you had under the guidance that Mr. Horowitz just talked about, which is using *USAspending.gov*. So, they could have taken some of those lessons, I think, and so—

Mr. RASKIN. Got you. So Mr. Horowitz, then did you at all express your frustration with this undermining of the CARES Act determination that the public have complete accountability and transparency?

Mr. HOROWITZ. At the time, PRAC leadership was meeting with OMB and expressing the need to have better reporting portals than what existed with *USAspending*. There are many issues with *USAspending*. IGs have written about those that need to be fixed. GAO has written report after report about that. Those need to be fixed. If you want to find the best information that is out there, it is actually for the Coronavirus Relief Fund, which was the \$150 billion in the CARES Act that went to the states. The reason that is there, that information there is because the Treasury IG, working with the PRAC, created the Recipient Reporting Portal. We couldn't do that. It cost us money. They cost them money. We couldn't do that for, you know, trillions of dollars, but that is what needs to be done.

Mr. RASKIN. Well, I am proud that we included those provisions in the CARES Act precisely to ferret out fraud, to try to prevent the waste and abuse. But it obviously requires leadership at the Presidential level, at the very top, a commitment to making sure that everything is accountable and transparent. Thank you, Mr. Chairman. I yield back.

Chairman COMER. The chair recognizes Mr. Gosar for five minutes.

Mr. GOSAR. Thank you. Good seeing you, gentlemen. It is a pleasure to see you this morning. You bring up mandated regular reporting aspects, is a big key, and Congress has dictated a lot to you, but Congress hasn't done their fair share either. So, when you look at the National Emergencies Act, there is a requirement that the Congress meet every six months to have a detailed report instead of a synopsis all this all over a year or a year-and-a-half. It would be better to have these numbers on a basis over six months, having account of it. Would you agree with me, Mr. Horowitz?

Mr. HOROWITZ. Yes. I think more regular reporting would be helpful, and part of that is getting the data information from agencies to the public to Congress in a timely fashion, yes.

Mr. GOSAR. So, do you agree with that, Mr. Dodaro?

Mr. DODARO. Absolutely. Absolutely.

Mr. GOSAR. Part of the National Emergencies Act— that actually Congress must, shall convene to look at these expenditures and to have some rein over it. I think that part of our purview is the power of the purse. So, if you are not having accountability to this body, to this Congress, you are lacking in your jurisdiction of oversight. I guess, having said that, looking at what we have seen in this gobbledygook of national emergencies— date back, that are

open to the 1970's. I don't know how you figure these numbers out. I mean, it is crazy. I just don't know how this works.

So my question is, to the American taxpayer, there are estimates of \$560 billion of fraud in the COVID-19 funds. Do you agree with that, Mr. Dodaro?

Mr. DODARO. It will be a while before the full extent of fraud is known.

Mr. GOSAR. Right.

Mr. DODARO. As I mentioned in my statement, you know, there has been over 1,000 people have pled guilty or been convicted. There are over 600 charges still pending against people. The SBA IG has 536 active investigations right now. The Department of Labor IG is opening up 100 new cases every week. So, this is going to go on for a while. There are definitely indications of widespread fraud, but it is impossible to estimate right now what the full extent will be. Time will have to unfold, and these investigations will have to be undertaken because the definition of "fraud" is willful misrepresentation to get something of value that is adjudicated through a court or some other judicial process.

Mr. GOSAR. Would you agree that continued reporting would be better, you know, a timely reporting to the jurisdictional committee like this one or Transportation? In regards to the amount of fraud, the number of fraud, what can Congress do to allocate, you know, more streamlining in this process? Do you see a process that we can go forward with that?

Mr. DODARO. Yes. I mean, there is a regular process for the inspector generals to report semiannually, but when you have extraordinary circumstances like we have, there could be more frequent reporting in those cases. But there are definitely benefits of having more frequent interaction and oversight by Congress with oversight bodies, the GAO and the Inspector Generals in this case, the Secret Service, because some of these legislative solutions that I have recommended could have been taken a lot earlier in the process.

Mr. GOSAR. And so, if we are rewriting the National Emergencies Act, would you be able to give us your inferences as to how to detail the changes?

Mr. DODARO. I will be happy to look at the act and make suggestions, yes.

Mr. GOSAR. OK. How about you, Mr. Horowitz? I mean, you always come up with great ideas.

Mr. HOROWITZ. Yes, absolutely. I would be happy to.

Mr. GOSAR. To Mr. Smith, do you see any aspects of—particularly, from the Secret Service, where we can make some amends within the National Emergency Act?

Mr. SMITH. Thank you for the question, sir. As I mentioned in my opening, similar to our protective mission, which our brand is largely associated with, one of the central tenets of our mission is advance work. And, as some of the co-panelists spoke about earlier, our cyber fraud task forces or our task force, incorporating private sector, incorporating academia. And what we do is share information on a continual basis, so we don't wait until the President shows up in a district to establish relationships. We do that prior to that time. So similarly, in our investigative mission, we know

that it is important to maintain relationships with financial institutions, academia, in order to get in front of fraud and share ideas because we have a constant cadence of interacting with bad guys in the context of our jobs.

Mr. GOSAR. Thank you. I might run out of time. I yield back.

Chairman COMER. The chair recognizes Mr. Lynch for five minutes.

Mr. LYNCH. Thank you, Mr. Chairman, and the ranking member for holding this hearing, and I want to thank our panelists for your good work. I recognize you from previous hearings, and thank you again.

This was a difficult challenge from the very beginning, and I just want to take us back to the Trump administration's initial response. So, back in 2019 and 2020, Mr. Trump, on January 24, 2020, the day the second coronavirus virus case was confirmed in the United States, President Trump tweeted and again reiterated that, "China has been working very hard to contain the coronavirus. It will all work out. I want to thank President Xi," and then went on to say that the coronavirus would be over by Easter. Based on what we know now, did those statements by the President of the United States induce the sense of urgency that the American people should have harbored with respect to this pandemic, Mr. Dodaro?

Mr. DODARO. I think that the actions that the Congress take shows a sense of urgency in passing the CARES Act back in March 2020, on a bipartisan basis, and I think that sent the right signal and a sense of urgency that needed to be addressed to those issues.

Mr. LYNCH. You are exceedingly diplomatic as always.

Mr. DODARO. That is why I am still here.

Mr. LYNCH. Mr. Horowitz and Mr. Smith, you want to take a crack at that question?

Mr. HOROWITZ. Not particularly.

Mr. LYNCH. Well, let me just get down into the details a little bit here, unless Mr. Smith, you would like to add? No. OK. I am not sure of the division of labor within your agencies, but are any of you familiar with the Yellow Corporation during your investigations? No?

Mr. DODARO. Sorry, which corporation?

Mr. LYNCH. Yellow Corporation. It was a trucking company apparently with political connections to the Trump administration. Are you familiar with that?

Mr. DODARO. I think that is the one that there was a loan given to out of one of the programs, and I think we——

Mr. LYNCH. Correct. Let me refresh. Let me try to——

Mr. DODARO. We looked at that issue.

Mr. LYNCH. OK. Yes.

Mr. DODARO. We looked at that.

Mr. LYNCH. All right. Thank you. Let me try to refresh your recollection. So, the Select Subcommittee report confirmed that a \$700 million loan to this trucking company that was politically connected to the Trump administration was given this \$700 million loan, and Trump administration political appointees overruled Defense Department officials in that case to actually certify the company, as "critical to maintaining national security and, therefore,

eligible for the loan.” The company then went on to use the loan for long-term capital investments in violation of the CARES Act requirement. I was just curious. I know you are familiar with it. Do you have anything else you could add to that fact pattern?

Mr. DODARO. I would be happy to provide our results for the record. I can’t remember offhand, and I don’t want to misstate.

Mr. LYNCH. OK. All right. Well, we could take that at a later time.

Mr. LYNCH. What are the lessons learned based on how the Trump administration responded initially to the pandemic?

Mr. DODARO. No. 1, I think there should have been more preparedness on the part of the agencies to prevent fraud. You know, Congress passed legislation in 2016 based on GAO’s advice on how to prevent fraud in the first place. Part of this is there is a cultural problem. In most cases, the fraud issues, people think of the inspector generals and think of the Secret Service and GAO, but you got to prevent it in the first place, but the agencies were slow to implement it.

Mr. LYNCH. Yes.

Mr. DODARO. The OMB was supposed to create a working group to develop this. We issued a report in 2019, said the working group had never met, that it needed to take more actions, No. 1. No. 2, I think the other lesson learned for the Congress is to be careful about putting provisions in the legislation that make programs more susceptible to fraud, allowing, for example, the self-certifications, not using tax credit transcripts, rather, so I think there is legislation there as well. Third, the agencies that had not addressed improper payment problems, they know they have payment problems, and not addressing open GAO and IG recommendations make them less prepared. So, there are a lot of lessons and my legislative solutions to these address some of these lessons learned.

Mr. LYNCH. Thank you, Mr. Chairman. My time has expired, and I yield back.

Chairman COMER. The chair now recognizes Dr. Foxx for five minutes.

Ms. FOXX. Thank you very much, Mr. Chairman, and I thank you for holding the hearing. Well, I have no questions for Mr. Dodaro, but I do want to thank him so much for the work he and his team do on behalf of the American people in helping us figure out ways to be more efficient and find the waste, fraud, and abuse, and I appreciate your comments just now.

Since coming to Congress, I have fought for transparency and accountability in Federal spending, and with trillions of dollars of COVID aid spent over such a short period of time, it is imperative we closely watch where and how that money was spent, and I think you have given us some more ideas. It is likely something we are going to have to track for a long time. But Mr. Horowitz, I have questions for you. Can you speak to the need for the Pandemic Response Accountability Committee, or PRAC is and its importance?

Mr. HOROWITZ. Thank you, Congresswoman. I think it was critical for Congress to set up the PRAC when the CARES Act was passed. At the time, we were asked to oversee \$2 trillion. It is now \$5 trillion of pandemic oversight. And what it did was it brought the inspector general community together to coordinate oversight.

We created a data analytics platform to do the kind of work that resulted in our fraud alert last week, and you gave us hiring authority to bring on great data scientists, a great team that has enabled us to do this work. We got it up and running, and we moved forward. And as a result, we have been able to coordinate more closely with not only our IG partners, but with the GAO. And with state and local auditors, we created a state Auditor-in-Residence Program. We have two auditors from the state of Tennessee who have come on board recently. First ever that has been done in the IG community because we want to coordinate with our counterparts and our oversight partners at the state and local level. And so, we have brought together people in a way that we have never had before in the IG community.

Ms. FOXX. So in your work, how would you rate, with the PRAC, the various COVID relief funding programs from most to least susceptible to improper payments?

Mr. HOROWITZ. Well, I think what you have seen so far is the three of the biggest programs: the Paycheck Protection Program, the Economic Injury Disaster Loan Program, and the Unemployment Insurance Program. Those three programs, which by the way, account for just under \$2 trillion of the spending, have shown to be highly susceptible to fraud for different reasons. PPP—

Ms. FOXX. Can you give us the characteristics that cause that?

Mr. HOROWITZ. Yes. So, for PPP and EIDL, those were administered at the Federal level. And the problem there was the desire to simply get the money out as quickly as possible, without taking, not an unreasonable amount of time, but an appropriate amount of time to make sure that they were sending the money to the right people. That was the problem, among others, with those two programs. On the unemployment insurance, the issue was different because that is administered by the 50 states. The problem there is the lack of coordination among them and with the Labor Department, and the Labor IG has written extensively about that problem.

Ms. FOXX. So, we have some recommendations on what to do in that area.

Mr. HOROWITZ. A number of recommendations.

Ms. FOXX. Good.

Mr. HOROWITZ. And I would be happy to send them up to you.

Ms. FOXX. Absolutely. Since the Labor Department is in the jurisdiction of the Education and Workforce Committee, I am anxious to see those.

Ms. FOXX. So, you charged 47 defendants in a \$250 million fraud scheme involving a Minnesota nonprofit, Feeding Our Future, one of the largest COVID aid-related frauds uncovered. What, if any, indicators, were there of this sort of fraud, and could it have been stopped earlier?

Mr. HOROWITZ. So, it is always hard to say whether something could be stopped earlier. We want to obviously be careful in hindsight to say that. But had there been on these various programs, a preclearing or a prereview of an applicant, first of all, whether it was a legal entity. Did it really exist? Was the email address coming from overseas? Was it from an IP address, I mean, coming from overseas? As we just reported on, did names, date of birth,

and Social Security numbers match what is in SSA's—Social Security Administration's—records? That is an easy check. Were they on a Do Not Pay list? There were multiple steps that could have been taken in many of these instances. They could have, at a minimum, paused, hit the pause button, take a second look to make sure they are eligible.

Ms. FOXX. Mr. Chairman, I know my time is up, but I would like to make one quick comment. I am really concerned about what Mr. Horowitz said about the 2016 bill being passed on how to prevent fraud, and the agencies were slow to implement. We have got to get to the root of these kinds of things, and say to these agencies, and fire people if they don't do things they are supposed to do. That is our biggest problem in the Federal Government. Nobody can be held accountable. Thank you. I yield back.

Chairman COMER. Thank you. The chair recognizes Mr. Krishnamoorthi.

Mr. KRISHNAMOORTHY. Thank you, Mr. Chairman. Mr. Smith, I want to ask you about your ongoing investigations involving transnational criminal actors defrauding our pandemic relief programs. It looks like in a statement that the Secret Service put out in December, you talked about a group called APT 41. Are you familiar with that?

Mr. SMITH. Yes, sir.

Mr. KRISHNAMOORTHY. And it says in your statement, APT 41 is a "Chinese state-sponsored cyberthreat group that is highly adept at conducting espionage missions and financial crimes for personal gain." Are you familiar with that?

Mr. SMITH. I am familiar with the article, sir. Yes, sir.

Mr. KRISHNAMOORTHY. And apparently, according to this same article, this group, the APT 41, Chinese state-sponsored cyber gang, stole tens of millions of dollars in U.S. COVID Relief benefits, including SBA loans, unemployment insurance funds, in over a dozen states. Isn't that right?

Mr. SMITH. That is what the article stated, yes, sir.

Mr. KRISHNAMOORTHY. Now, tell me, sir, since that article came out, I got to believe that they have probably targeted a lot of states beyond a dozen. Can you tell us how widespread the geographic coverage was in terms of the number of states that they had tried to target?

Mr. SMITH. So again, I am familiar with the article. Our national pandemic fraud coordinator, who testified last summer, who I appointed to that position, was a supervisor in one of our field offices, the spirit of what he was conveying was that it is unimaginable that organized transnational criminal organized groups did not look to exploit pandemic-related fraud no different than, you know, an American would. There are some commonalities between some of the thousands of bank accounts that we have seen used to move illicitly gained pandemic fraud resources that were also being used by some of those transnational criminal organized groups, to include the one you mentioned. It is also worth mentioning when we do have cases that involve transnational criminal organized groups or state-sponsored entities, we do—

Mr. KRISHNAMOORTHY. Let me stop you there. OK. We have now established APT 41 is a Chinese state-sponsored cyber gang. Now,

let me just turn your attention to Russia. Have we identified any Russian state-sponsored cyber gangs involved in pandemic fraud?

Mr. SMITH. A lot of the Russian underlying pandemic-related fraud has to do with folks dealing in identity theft. So, for decades, we have known forums wherein people that deal with—

Mr. KRISHNAMOORTHY. State sponsored, though. Are they state sponsored?

Mr. SMITH. Sir, the Secret Service focuses on financial crimes. Whether or not an entity is state sponsored or not is generally not why we tend to focus on them. We follow money, and if that leads us to a state-sponsored actor, we don't stop the case, but we then employ our partners at DOJ.

Mr. KRISHNAMOORTHY. And have you come across that link yet, in other words, that required a referral to DOJ?

Mr. SMITH. That referral to DOJ is actually part of the task force the DOJ started at the beginning of the pandemic. So, there are cases wherein we have some linkages or commonalities between cases we are working for financial crime reasons, and there may be a state sponsor act that has some commonalities there.

Mr. KRISHNAMOORTHY. OK. So, now we have established that there have been Chinese state-sponsored cyber gangs as well as Russian state-sponsored linked to the state individuals who have committed pandemic relief crimes?

Mr. SMITH. Sir, what I said was that there are commonalities between some of the accounts and other indicators we have seen. That is what I said.

Mr. KRISHNAMOORTHY. OK. Now with regard to APT 41, in particular, in your statement—I am sorry, the U.S. Secret Service's statement.

Mr. SMITH. Yes, sir.

Mr. KRISHNAMOORTHY. It said it was "state-sponsored". Now, have you been able to identify any evidence that the Chinese Communist Party ordered or asked this particular cyber gang to commit this fraud, or do we have evidence that they just merely looked the other way and permitted them, knowing them to have committed this fraud?

Mr. SMITH. Sir, I have no evidence as to what the Chinese Government ordered a transnational criminal organized entity to do.

Mr. KRISHNAMOORTHY. Are there any other cyber gangs, state sponsored, either Chinese or Russian or any other state-sponsored criminal gangs that have committed pandemic fraud?

Mr. SMITH. Sir, just last year, we disrupted a transnational criminal organized group known as Black Axe. They are Nigerian based. They are operating in South Africa, and they have a long-standing history of committing a lot of different types of fraud, and they use a lot of the pre-existing money mules. There is an extensive money mule network that operates here in the states. Again, even the transnational criminal organized groups overwhelmingly used or leveraged an American or an American profile to facilitate pandemic-related fraud. So, we did see that and we had an operation that disrupted that group just last year.

Mr. KRISHNAMOORTHY. Thank you.

Chairman COMER. The chair recognizes Mr. Grothman for five minutes.



Mr. GROTHMAN. Sure. A few more questions, follow-up questions for Mr. Smith. Could you give me a little more information as far as a stereotype, as far as fraud being committed by people abroad, or fraud being committed by immigrants?

Mr. SMITH. What was the last word, fraud being committed by who, second part?

Mr. GROTHMAN. Immigrants. Immigrants. Immigrants.

Mr. SMITH. So, I am not going to get into stereotypes. We follow money. We follow evidence. And at the end of the day, as I mentioned to the previous committee member, the majority of the cases we have seen, even if there is a criminal looking to exploit pandemic-related fraud abroad, they use an American mule. We had certain campaigns that are cyber fraud task forces communicated to don't be a money mule, whether witting or unwitting, because what we saw was a lot of Americans being utilized to move money abroad because the criminals didn't know that overwhelmingly what we were looking for were, you know, American bank accounts, American identities to issue money to. So, they use that and leverage an extensive network of money mules that preside overwhelmingly here in the United States to get that money into their hands.

Mr. GROTHMAN. Well, there would be an example. Is the mule in America? Are they have contacts within the foreign nations? I mean, are they immigrants from the foreign nations? Are you just grabbing a random person off the street? I mean, could you comment on these mules?

Mr. SMITH. So we have, you know, dozens of cases, hundreds of cases where, you know, we would have a person in "fill in the blank" state. One state comes to mind where there was a mule that had literally funneled \$12 million to some criminals that resided abroad. And once we start following the money, once we start looking at some of the commonalities and bank accounts, and we have an opportunity to go interview a person—

Mr. GROTHMAN. Right. Could you tell me what those countries were abroad, and could you tell me the background of the mules here, where did they have connections to the country abroad?

Mr. SMITH. So, one of the cases, as I mentioned a second ago, was out of South Africa, focused on some Nigerian individuals in a group called Black Axe. That case I just mentioned with the \$12 million was one of the cases where in a money mule sent money to accounts that were operated by Black Axe. And I want to impress upon the group here, money mules are not a new concept. Like, there is an extensive network.

Mr. GROTHMAN. Right. You are not answering my question.

Mr. SMITH. Sir.

Mr. GROTHMAN. Presumably, they got these mules somewhere, OK? You mentioned Nigeria. You mentioned South Africa, where the people who did the work in America connected in those countries in any way. Were they immigrants from those countries? Were they just random people they find on the internet? Were the immigrants from those countries?

Mr. SMITH. Not necessarily, sir.

Mr. GROTHMAN. I know not necessarily, but does it happen, and how often does it happen?

Mr. SMITH. Overwhelmingly, in our experience, that does not happen. Criminals just take advantage of folks looking to make a quick buck, and the pandemic offered that opportunity with the amount of resources that were made available.

Mr. GROTHMAN. OK. Now in general, Mr. Horowitz, I can think of flaws in these programs that the fraud would be almost predictable. But can you tell us, in the future, what things we can do in programs so the fraud is not committed so easily?

Mr. HOROWITZ. So, I think one of the easiest things to do that wasn't done is to prepare, as the Comptroller General said, by employing verification tools, identity verification tools. The amount of identity theft was extraordinary here, and it needs to be addressed because we are not only talking about when that occurs, theft from a government program, theft from the taxpayers, but for anybody who has been on the receiving end of having their identity stolen, you understand how you are victimized in that way. And just in the fraud alert, we indicated we now have 200,000 social security numbers that were used that we need to follow up on to see if those individuals' identities were stolen.

Mr. GROTHMAN. So, in other words, the money is going to, it is going to an account or something other than the person who is committing the fraud?

Mr. HOROWITZ. Correct. So, what is happening is individuals are claiming that they are the person whose name is on the application, whose date of birth is on the application, and or whose social security number is on the application. When we checked and went to Social Security Administration to ask them to verify it, a check they can do. We entered into that. They were doing large-scale verification for us. They came back and said those don't all match for those 212,000 numbers, which means in some instances, it could be a false positive. Somebody could have transposed their social security number down or their date of birth down, so there are going to be some of those. But presumably, for most of them, those are individuals who obtained, on the dark web through other means, social security numbers that were previously stolen from individuals and had their identity stolen.

Mr. GROTHMAN. And then they wind up going to a bank account that has this person's name on it, but this person doesn't even know the bank account.

Chairman COMER. The gentleman's time has expired, but we will let you finish the question.

Mr. HOROWITZ. Yes, certainly there is an ability to go to the bank, particularly if, as with the PPP Program, the Agency has said you don't need to do anything other than accept the person's verification that it is them. In other words, all that had to happen in the PPP Program at the outset was you went to the lender, you signed an application saying, no, I am really this person, and they accepted it. No one can walk into a bank today and get a loan and say, no, no, really, I am this person, give me the money, but that is what was going on.

Chairman COMER. Chair recognizes Ms. Norton.

Ms. NORTON. Thank you, Mr. Chairman. Mr. Horowitz, this question is for you. Democrats provided the Department of Labor inspector general \$25 million in the American Rescue Plan to combat

fraud and corruption in the process. Also in the American Rescue Plan, Democrats made critical investments in fraud prevention and accountability, including providing more than \$200 million in funding for watchdogs to investigate fraud, waste, and abuse as well as \$2 billion to support states' modernization of unemployment insurance systems to reduce fraud vulnerabilities. The Biden administration has begun using these funds to support state efforts to make unemployment insurance systems both more accessible to eligible recipients and less susceptible to fraud. The American Rescue Plan provided significant funding to the pandemic recovery accountability committee as well. Yet my Republican colleagues voted against these commonsense measures to reduce fraud.

When the American Rescue Plan became law, Mr. Horowitz, you released the following statement, and here I am quoting you, "The enactment of the American Rescue Plan adds to the important independent oversight responsibilities of the PRAC and its member inspector generals. We appreciate the ongoing support from Congress and the administration of the PRAC in and its oversight mission." Mr. Horowitz, how much funding did the PRAC receive in the American Rescue Plan to perform the vital oversight functions?

Mr. HOROWITZ. In the ARP, in the American Rescue Plan, the PRAC received \$40 million of funding.

Ms. NORTON. Now, Mr. Horowitz and Mr. Dodaro, what other resources and authorities do you need to continue your work?

Mr. HOROWITZ. So, as I mentioned in my written statement at the outset, I think very important to continue the data analytics platform that \$40 million that was in the American Rescue Plan covered our ability to start the data analytics platform we have in 2021. It is funded through 2025, but we sunset on September 30, 2025. We turn the key off at that point unless it is extended.

Congress invested \$40 million to fund that over four-and-a-half years. That is \$15 million, \$16 million we are spending right now. Just the fraud alert alone this past week, we identified \$5.4 billion of potential fraud. That is 360 times the amount of money that we spent this year, or spending this year, to run our data analytics platform. In other words, it would take us 360 years of spending at that number to add up to \$5.4 billion, so that, I think, is very critical.

Mr. DODARO. I would agree. I want to throw my support behind the establishment of this platform, a data analytics platform. Right now, it only applies to pandemic spending, and it is going to expire. This happened back after the Recovery Act, as I mentioned in my opening statement, and it was a very effective process then, but it expired in 2015. Now, if it had been in place at the beginning when the CARES Act was passed in 2020, I think we could have saved a lot of money and prevented fraud or went after it earlier. But it wasn't established until the American Rescue Plan in 2021, so by that point, hundreds of billions of dollars have been already spent. So, I think this is a prudent investment on the part of the Federal Government to have this capability in the IG community on an ongoing basis. It will more than pay for itself many times over.

Ms. NORTON. In addition to the funding, Democrats included funding to the American Rescue Plan to provide grants to states to engage their local community organizations that represent those el-

igible for benefits. The goal is to help states learn how to more effectively reach these traditionally underrepresented and under-resourced communities. So, may I ask you, Mr. Horowitz and Mr. Dodaro, will these types of investments in the community engagement help you separate paperwork errors, other unintentional mistakes, and actual fraud?

Mr. DODARO. I think it is important to recognize, and we have ongoing work. So, we are going to be looking at that issue to see how effective Labor is working with the states and with those entities, so that is very important. Today, we focused a lot on the fraud part of the Unemployment Insurance Program, but on the benefit side, there was lack of timely benefits that were given to people. We find also some disparities in terms of how different people, different races have been treated. So, there is a lot to be done in unemployment insurance area to make sure there are timely payments made to the proper people in a balanced, equitable fashion, whilst stopping fraud on the other area.

Now, we have added the Unemployment Insurance Program, along with the PPP, and Economic Injury Disaster Loan Program to the list of high-risk areas across Federal Government. The unemployment insurance area is badly in need of transformation, not only in dealing with these community organizations, but the IT systems in the states are terribly antiquated and not capable of executing this type of program in the future until they are modernized.

Chairman COMER. Thank you. The chair recognizes Mr. Palmer.

Mr. PALMER. Thank you, Mr. Chairman, and I thank the witnesses. To date, do we know the full amount of improper payments of COVID funds, Mr. Dodaro?

Mr. DODARO. There are estimates that have been made on the unemployment insurance area. In 2020, the estimate was improper payments was \$78 billion, up from about \$9 billion in 2020. And then there was another \$18.9 billion of improper payments reported by unemployment insurance program for 2022, and that was a 22 percent error rate, and the year before was 18.9 percent error rate. Prior to the pandemic, it was about nine percent, and the PPP and EIDL areas combined is about \$36 billion.

Mr. PALMER. We are talking \$135 billion. I have done math in my head.

Mr. DODARO. Yes.

Mr. PALMER. As you know I like to do.

Mr. DODARO. Yes, I do.

Mr. PALMER. It appears to me that some Federal agencies might not have been as forthcoming with information as both you and Mr. Horowitz would have needed. The Small Business Administration potentially violated Federal law by failing to respond to the GAO's requests. Has that been the case that they have not responded to your request?

Mr. DODARO. It was early on in the start of the programs. It has gotten much better and I actually had to go back in 2020 and 2021. I testified before the Coronavirus Select Committee, and I had called the chair and ranking members of this Small Business Committees, both the authorizers and the appropriators, to get help. I mean, we couldn't get any information on SBA at all, and it wasn't

until later, there was a lawsuit where they had to then disclose the amounts of loans. Now it has gotten better.

Mr. PALMER. One of the problems is that the unemployment insurance programs authorized under the CARES Act were excluded from the program's total reported improper payments because they were not in existence for more than 12 months, and these programs represented about 70 percent of the unemployment payments in 2020. Should Congress consider legislation reform, the improper payments reporting periods in order to more accurately track the COVID relief funds in the future if we have to have this again?

Mr. DODARO. Yes, absolutely, and that is one of my legislative recommendations.

Mr. PALMER. I would appreciate, and I have enjoyed working with both you and Mr. Horowitz over the years on things like this, if you would provide to me in writing your recommendations for legislative fixes.

Mr. PALMER. I want to move to something else. It has been discussed about what actions Republicans took, and I just want to ask you, if we had required two-factor identification for online applications or provided state unemployment agencies by fax/email or other means, or transmission, a copy of the claimant's state ID, if we had utilized protocols to prohibit applications from foreign IP addresses, if we denied claimants using virtual private network identification, require individuals—I could go down this whole list of things—would that have helped reduce the amount of fraud?

Mr. DODARO. Yes.

Mr. PALMER. Well, I just want to point out, Mr. Chairman, that these are recommendations that were made by Republicans in the House and Senate, including myself. I introduced a bill to do this that were largely ignored. When we began to see the massive amount of fraud as early as, I think, April/May 2020, Mr. Horowitz, I think, and working with the Department of Labor, the Office of Inspector General there, that billions of dollars had already gone out, and we couldn't get these guardrails back in, would that have helped, Mr. Horowitz?

Mr. HOROWITZ. Absolutely, and the fraud did start right off the bat. I mean, for the PPP Program sent out \$400 billion in two weeks.

Mr. PALMER. Let me ask one other question. What we have seen toward in the last few months here is states using their COVID relief funds for things like New Jersey, \$50 million in state and local fiscal recovery funds to bolster the state's bid to host the 2026 World Cup. We saw the state of Washington sent out \$128 million in 1,000 payments to 120,000 illegal immigrants. We saw Colorado Springs use \$6.6 million to put an irrigation system at two local golf courses, \$5 million dollar state of Massachusetts pay off debts incurred by Edward M. Kennedy Institute for the U.S. Senate in Boston. Are any of those improper uses of funds? I mean, I know we wanted to give them flexibility, but isn't that a little bit out of the box?

Mr. DODARO. Yes. Well, there are broad uses authorized in the legislation for that money. We are looking at it right now, and so we will try to identify those areas that may be out of bounds legally. But it reminds me that the Recovery Act, when there was a

lot of questions about the use of the money, whether that was appropriate or not, when it was really, you know, legally authorized because the government gave great flexibility to the state and local community to make decisions. The other issue you had to deal with always at the state and local level was fungibility of the money.

Mr. PALMER. Well, they didn't have that early on, and Mr. Chairman, I think this might be something we want to look into because it is not just the fraud. It is the improper use of some of the funds. And my time has expired. I always enjoy hearing from you guys. I yield back.

Chairman COMER. Absolutely. The chair recognizes Ms. Ocasio-Cortez.

Ms. OCASIO-CORTEZ. Thank you so much, Mr. Chairman. This hearing is called Federal Pandemic Spending: A Prescription for Waste, Fraud and Abuse, UI, unemployment assistance, the Paycheck Protection Program, all of it. And in the wind-up to this hearing, on January 13, I see that the chair sent several letters to three states—Pennsylvania, California, and my home state of New York—with serious allegations of widespread fraud and abuse. But I am curious a little bit about how we got to these three states. Mr. Dodaro, if you were auditing or investigating what went wrong in states in the distribution of pandemic-related unemployment insurance, how would you go about choosing which states to examine?

Mr. DODARO. Well, we would look at a number of factors. One would be the amount of money that would go there. We would look for geographic distribution of the programs. We would look for other characteristics of state programs, a number of claims, for example, that have been there. And so, we would take a nationwide sample.

Ms. OCASIO-CORTEZ. And even, you know, in your experience, looking at perhaps even something like a per capita approach, or you know, in your expertise, if you had to estimate some of the top candidate states, what do you think some of those states would be and why, and, again, more on like a per capita level?

Mr. DODARO. Yes, I don't have the per capita numbers in my head, so I don't want to venture a guess at this point. I would be happy to provide something for the record.

Ms. OCASIO-CORTEZ. Overall, let's say not from per capita. What would be some of the top states that you would look at in terms of your experience and oversight of these programs?

Mr. DODARO. Well, certainly California and New York are always candidates to look at in those cases, but you have Michigan, you have Florida, you have states in the South and the West. And so, we would have a geographic distribution in order to make sure that we covered the money. What we try to do in these cases is cover, like right now we are looking at the State and Local Coronavirus Relief Fund, and we have selected 18 states, and they account for about 60 percent of the total amount of money.

Ms. OCASIO-CORTEZ. Thank you, Mr. Dodaro. I would like to submit to the record this report from the Pandemic Response Accountability Committee, "State-Entitled Key Insights in State Pandemic Unemployment Insurance Programs."

Ms. OCASIO-CORTEZ. Now, Mr. Horowitz and Mr. Dodaro, can you think of any methodology that would have brought the committee

to send those three letters specifically to just those three states? Is there any methodology you can think of that would just result in Pennsylvania, New York, and California being under investigation by this committee?

Mr. DODARO. Well, I would defer to the committee. I don't really know what their objectives were in that case, and I don't think—

Ms. OCASIO-CORTEZ. I understand. Now, I wanted to get into this report, and according to this report to PRAC, for example, Arizona paid \$1.6 billion to individuals to—stolen identities to get unemployment insurance benefits. Louisiana dispersed more than \$1 million to individuals after the date of their death. And in Kentucky, state employees applied for unemployment benefits while still employed by the state, and were able to hack the state's information management system and remove holds on their own accounts, and none of these states have been put under investigation by this committee.

I find it very interesting because as was stated at the beginning, the bipartisan nature of oversight is what gives it its power. And what we are seeing are investigations into, and I believe that the methodology for these three states is highly questionable. And I ask for this committee, if we are going to perform oversight, then let's perform oversight. Congressional Democrats are ready to perform that oversight and help our constituents get the benefits they need to pay their bills. And I think that there is no shortage of members of this committee who are willing to stand up to their own party when it is necessary, but I cannot for the life of me understand why the majority would send these three letters just to these three states that leave us with no other conclusion that there needs to be some rank partisanship in this investigation.

Committee Republicans, I ask you now, if we are going to start off, let's do it right. And with that, I yield my time.

Chairman COMER. Before I yield back, if Ms. Ocasio-Cortez is willing, I would love to join in a joint investigation of the Kentucky unemployment system and New York unemployment system if you wanted to do that, a joint probe or whatever. I would love to work with you on that or any of the 50 states because I believe it is a problem in all 50 states, especially Kentucky. You are exactly right.

The chair recognizes Mr. Higgins for five minutes.

Mr. HIGGINS. Thank you, Mr. Chairman. We knew there would be fraud because fraud is always connected to money. I supported the CARES Act as a Nation's initial response to the new virus. We didn't know what it was. The CARES Act was our effort to respond and to help American families and American employees remain financially stable while we endured the impact of this unknown virus. So, here we are into year 4 of 2 weeks to flatten the curve, and it very well falls upon this committee under Republican majority to begin conducting meaningful oversight into the massive fraud that was no doubt staged to take place when you start rolling out programs with trillions of dollars.

Some estimates as high as \$7 trillion, the total economic commitment from the United States of America, American treasures, \$7 trillion. That is \$7,000 billion. It is \$140 billion per sovereign state is an average of 62 counties per state tested. That is over \$2 billion per county. I would argue that Americans across the country and

in local and state government would say they would have done much better if every county could have received \$2.2 billion in the form of a block grant. Of course there was going to be massive fraud with programs like this, but what we expected was not the absence of fraud. What Americans expected is a presence of accountability and criminal prosecution, and that accountability is what this Republican-controlled Oversight Committee is going to deliver.

We know that fraud is not born in the mechanisms of man. Fraud is born in the heart of man. It is to be anticipated. The gentleman referred to certain tradeoffs between urgency and processes that were put in place as these trillions of dollars was set to be dispersed. Well, may I say that we anticipated this, but some of us, in order for the most conservative of us to support a \$2 trillion response to this unknown virus, we insisted that this money be made available through local banks and credit unions. And we pushed the SBA product out through, my recollection is about 4,500 lending institutions that had never handled an SBA product before.

We wanted, and we insisted that regular Americans would be able to communicate directly with the bankers they knew to access this assistance. So, we knew it was ripe for fraud, but we expected criminal investigations to take place, and we expected people to be put in jail. Accountability for criminal acts generally begins with a suspicion and a report at the local level of fraud, theft, forgery, identity theft, et cetera. That leads to an investigation, should lead to an arrest, should lead to prosecution, should lead to conviction and incarceration. May I say America will be just fine had we witnessed that kind of accountability, but it has to be pushed out of congressional investigations. That hasn't happened for the last three years. It will happen now.

Director Smith, so specifically regarding investigations, that it is understandable that the most massive cases will be prioritized, millions and millions of dollars. But according to my research, the vast amount of fraud that we have witnessed is primarily from smaller cases, and I have been advised that they have gone ignored. Can you speak to that, sir? What are we doing at the Federal level to assist local and state investigators to go after these smaller cases?

Mr. SMITH. Sir, as I mentioned before, we follow money. We follow evidence. And one of the things that I talked about in my opening was the Secret Service training state and local law enforcement professionals at our National Computer Forensics Institute. It is the ultimate teach a man to fish, if you will. We train thousands of state and local law enforcement professionals every year to be able to investigate cases locally.

I was just down in the chairman's home state last week in Kentucky talking to some of our cyber fraud taskforce partners. And they were actually briefing me on cases they were working at a local level that were focused on elder abuse and some pandemic-related fraud. So, we are a Federal law enforcement entity, but we do have a responsibility to help train, equip, and resource our local partners who help us in every aspect of our mission to be able to build their capacity locally.



Mr. HIGGINS. Thank you for your response, Director. Mr. Chairman, I yield.

Chairman COMER. The chair now recognizes Ms. Porter for five minutes.

Ms. PORTER. Good morning. I have questions about unemployment insurance. Mr. Dodaro, could you read this headline for the room? Yes, could you turn your microphone on, sir?

Mr. DODARO. Sorry. I am sorry. "California's EDD Unemployment System Disaster: Predictable Fiasco."

Ms. PORTER. Thank you. We are going to get everyone in on the fun. Mr. Horowitz, could you please read this headline?

Mr. HOROWITZ. There is no way I can read this headline because I didn't bring my glasses with me.

Ms. PORTER. OK. I will read it for you: "EDD's New Software Has Thousands of Defects, Some Critical." Mr. Smith, we will see, is also an eye test in case you need to get a checkup. Can you read that for me, Mr. Smith?

Mr. SMITH. It says, "The North Carolina Unemployment Agency is a Broken System."

Ms. PORTER. A broken system. North Carolina Unemployment Agency, a broken system. Mr. Horowitz, do these headlines seem familiar? Do they seem representative of the problems with the unemployment system during the pandemic?

Mr. HOROWITZ. They do.

Ms. PORTER. They do. Would it surprise you to know that all of these new stories are from 2013 and 2014, long before COVID-19 was a problem?

Mr. HOROWITZ. Not at all. This has been an issue that GAO has spoken about for decades maybe. I am not sure if it is that long, but certainly we have as IGs as well. The unemployment insurance system needs to be fixed.

Ms. PORTER. I could not agree more. So, let's talk about that and how we can fix it. What these headlines show, of course, is that, as you said, state unemployment agencies have long had problems getting help to people who need it and preventing our tax dollars from ending up in the wrong hands. When the pandemic first began, we needed to deliver relief quickly. But due to chronic underinvestment in technology and systems at states that administer programs, we saw the same problems with waste, fraud, and abuse that we have seen for decades under Democratic and Republican Presidents, in blue states and red states. Mr. Dodaro, I want to talk about the GAO's High Risk List. What is that?

Mr. DODARO. The High Risk List was originally created to identify, for the Congress and the Administration, areas across Federal Government that we believe were highly susceptible to fraud, waste, abuse, and mismanagement, or in need of broad-based transformation as it evolved.

Ms. PORTER. Did GAO identify unemployment system, UI, as a high-risk program?

Mr. DODARO. Yes.

Ms. PORTER. When?

Mr. DODARO. In 2022.

Ms. PORTER. June 2022. In June 2022, the year before unemployment was added to the high-risk list, do you know what the rate was of overpayment for unemployment insurance?

Mr. DODARO. In 2021, it was 18.9 percent.

Ms. PORTER. Great. And according to the Department of Labor, before that, before you put it on the high-risk list, it was about 15 percent. In 2019, it was about 9.5 percent. In 2018, it was 12.1 percent. In fact, the overpayment rate has been over 10 percent for 14 of the last 18 years according to the Department of Labor's OIG. When GAO announced that the unemployment system had been designated as high risk, you said, "GAO is concerned that many longstanding problems may go unaddressed." Do you remember saying that?

Mr. DODARO. I believe so, yes.

Ms. PORTER. Is that a little bit of an understatement at this point?

Mr. DODARO. Well, you know, for many of those years, it was mostly state money that was collected. There really wasn't big Federal investment in this until the pandemic broke, or perhaps earlier in some other emergency situation, but I thought the time obviously was right.

Ms. PORTER. Yes. What the OIG has said is the UI program has experienced some of the highest improper payment rates across the Federal Government. So, my question is, why don't we fix this?

Mr. DODARO. Well, I think it requires some leadership on the part of the Congress and the Labor Department. You know, like a lot of these programs where the Federal Government has relied on the state and local governments, they give them a lot of discretion, and when times are good, unemployment is low, you know, they don't get a lot of attention until these problems come up.

Ms. PORTER. Mr. Dodaro, here is how I think about this. When someone has a dollar and they lose a dime of it, they think, shucks. But when someone has \$100 and they lose 10 bucks, they are like little angry, and it just keeps going up, and now we are in the billions and trillions. So, I would love to have your continued pressure on the Department of Labor to use all of the funding that Congress provided in the American Rescue Plan to actually modernize UI because I am trying to add up where that \$2 billion from the American Rescue Plan has gone, and it does not seem to have all been deployed and spent to improve these programs.

Mr. DODARO. Yes. No, I agree. We are going to follow that \$2 billion. Also, I was in the Senate testifying last March with Michael Horowitz and the IG from the Labor Department. He mentioned the money that was given to states after the Great Recession to reform the programs, and he mentioned some of that money went unused.

Ms. PORTER. No, it absolutely did. Mr. Chair, if you will indulge me for just one minute. In California, after the American Recovery Act, they were given a \$2 million grant to EDD to prevent fraud, and guess what? It worked. At the end of the grant program, California quit using the Fraud Detection Program, penny wise and pound-foolish because that exact Fraud Detection Program would have prevented and saved tens of billions of dollars for Federal tax-

payers during this pandemic. So, I appreciate the chairman's indulgence, and I yield back.

Chairman COMER. Mr. Palmer, you want to be recognized?

Mr. PALMER. Thank you, Mr. Chairman. I just want to affirm the gentlelady from California. Mr. Dodaro and I have worked on this for quite a while, and over half of the problems with improper payments are antiquated data systems at the state and Federal level, administrative error, and failure to verify eligibility. So, I just want to affirm what you just said, and I yield back.

Chairman COMER. The chair now recognizes Mr. Sessions for five minutes.

Mr. SESSIONS. Mr. Chairman, thank you very much. Mr. Dodaro, welcome. Mr. Horowitz, good to see you again. I would like to focus my question to you while it is this general subject. We have had conversations about ideas that went back and forth with the administration. Is there anybody at work? Are they there? Are you working with them? They are answering questions. Give me an idea about people at work, at least for the last two years. What has that been like?

Mr. HOROWITZ. Yes. You know, we are engaged with folks. The Labor IG has been engaged with the Labor Department to try and address longstanding problems. As the Congresswoman said, this is not new. We have been engaged with OMB leadership and White House leadership to try, along with the labor IG, to try and push these issues forwards and get them addressed because the numbers are staggering.

Mr. SESSIONS. Well, they are staggering. Then what is the progress—have they have come back to you? You have had meetings? What have they said?

Mr. HOROWITZ. We have made some progress. Just to give you a sense of some of the basic issues, the Labor IG, because these programs are managed by 54 entities, the 50 states and other territories, the Labor IG needed to send regularly subpoenas to the 50 states to get the data because that data isn't housed at the Labor Department.

Mr. SESSIONS. So, all 50 states denied information?

Mr. HOROWITZ. No, no, they didn't, but to get it, you needed to go to them and ask for it, and they needed legal process to be able to send it. So, we now have it at the PRAC. We are looking at it. Just to give you an example, you know, it was found because it is this locally based system. One social security number we have identified today, so far, was used in 29 states because the systems don't talk to each other. They are not managed at the Labor Department, at the Federal level. They are managed at the state level, and, frankly, it is not fair to blame the states for that. They are not resourced to be able to fix and modernize their various systems. Some states have done more than others, but they are all, I think, it is fair to say, if not all, most are struggling with this.

Mr. SESSIONS. But not a new issue.

Mr. HOROWITZ. Not a new issue at all, and GAO has probably been at the forefront of that with the Labor IG speaking of this.

Mr. DODARO. Yes, I think, you know, part of the problem Congressman Sessions is there is not sustained attention to these issues over time. And these issues require multi-year efforts. And,

you know, we have been working with the agencies, but quite frankly, where there are state-administered programs, Medicaid is another one, for example, which has huge improper payments, where it is administered at the state level. The Federal agencies give a lot of discretion to the states, and, quite frankly, there is not enough oversight on the part of the states.

Now, this is a particular issue in the unemployment insurance program because in normal times, it is state money that is leveled on employers that pay, and there are no Federal funds involved until there is an issue where they need the money. And so, there is not a good sense of direction as to how involved our country wants the Federal Government to be involved in state-administered systems. And so, you run into a federalism issue a bit with these programs, and, quite frankly, I think it would benefit from congressional oversight and direction as to what signals that you want to send these—

Mr. SESSIONS. OK. Well, we agree with that. Mr. Dodaro, is there still such a thing that we invented with you years ago, 1997, the high risk series.

Mr. DODARO. It is still there.

Mr. SESSIONS. It is still there.

Mr. DODARO. And SBA, two programs are on emergency loans are on the high-risk list along with the Unemployment Insurance Program, and there are 37 areas. We are getting ready for our normal update at the beginning of each new Congress. So, we are ready to unveil the update on the list soon.

Mr. SESSIONS. That would be great. One question. Is this information on your website for the agency, or where do we find this information?

Mr. DODARO. It is on our website. We have a whole special section, a medallion. It is *GAO.gov*, on our homepage, there is a medallion that says, "High Risk List."

Mr. SESSIONS. Great. I want to thank all three of you. The gentleman, Mr. Smith, please know that the Secret Service is a valuable organization to us, but you should know that you have got employee problems that we have been trying to work on for years, and I encourage your management to look at that about how they treat their employees and how quickly they respond back to the needs of those people. And I appreciate each of your time. Mr. Chairman, I yield back.

Chairman COMER. Thank you. The chair now recognizes Mr. Gomez for five minutes.

Mr. GOMEZ. Thank you, Mr. Chairman. This is the first hearing of a two-year session, and I want to be very clear to the American people what I believe that the majority, the Republicans in this committee and in Congress will do over the next two years. They will attempt to rewrite history. They will attempt to absolve themselves of any of the decisions they made over the last two years in order to fit their own political narrative, everything from the pandemic response to January 6, to holding President Trump accountable himself. We even had colleagues here that believe that some of the January 6 insurrectionists were patriots and heroes. They are not. They are traitors. That is what those are. Those insurrectionists were traitors.

So, let's focus on unemployment insurance. The chairman and the majority of the Republicans voted 3 times in 2020 for UI benefit extension. Three times, and that is a good thing because it put money in the pockets of Americans who were struggling to make rent, to pay food, just to get by. But after a month of voting to extend those benefits, one month later, they voted to slash and to stop those unemployment benefits. What changed? Did they not know about some of the concerns of that program at that time? No. What changed is we had President Biden. My hunch is if it was President Trump, they probably would have voted to extend those benefits once again, but it wasn't. And why are they cherry-picking this program and not focusing on other programs?

So, now let's talk about the Paycheck Protection Program. You know, as members, we voted to put the money in the pockets of constituents who needed it the most to keep their small businesses afloat. We voted to put money in their pockets, not Members of Congress. We have colleagues from Georgia who had \$183,504 forgiven. Other Republican members had up to \$4.3 million forgiven. Why not focus on this program? That is because if they did, they would have to answer these questions regarding their own businesses, their own loans, their own—and why were those forgiven and not others.

So, if we want to talk about handouts, we want to talk about fraud, you know, let's talk about it. Let's not cherry-pick programs. Let's pick all the programs that were in place during the pandemic, and let's talk about if we want to do oversight, let's do it, but this isn't about oversight. It is about passing the buck and making one, too, so don't be fooled. The American people shouldn't be fooled by them trying to rewrite history and the role, and responsibility, and the implementation of those programs. I believe they were a good thing. You know, yes, no program is perfect, but it really did keep afloat the American economy, the American worker, and made sure that we didn't fall into a deep, deep recession.

So with that, let's focus on, Inspector General, on the PRAC estimates. The PRAC estimates on the website say that we spent roughly \$653 billion in pandemic expanded unemployment. However, your website also points out less than a quarter of that could potentially be improper, and less than that was fraud. Can you speak to the fact that a substantial majority of funds did what they were intended to do and keep Americans out of poverty and save lives?

Mr. HOROWITZ. Certainly, Congressman. In all of the work we have done in the oversight work, no one has suggested or in any way sought to undermine the importance of these programs. We all can recall what was going on in March 2020, April 2020, and the need to assist and help people. The problem has been not that the programs were well intentioned or valuable. The problem is we have seen substantial amounts of that money not going to the people who is intended to help because of the fraud.

We have also had hearings, and panels, and programs about the scope of the identity fraud, such that, for example, we heard how in the Unemployment Insurance Program, individuals who were intended beneficiaries, sometimes when they went to get benefits were denied because the state agency thought they were the

fraudster, not the person who came first who was the actual fraudster. And so, they struggled to just get the benefits they were entitled to. That is why these programs need to be fixed and addressed because Congress meant the money to go to the people who really needed it, and that is where we should be putting our efforts.

Mr. GOMEZ. Thank you. With that, I yield back.

Chairman COMER. The chair now recognizes Mr. Biggs for five minutes.

Mr. BIGGS. Thank you, Mr. Chairman. Thanks for all of you. I am sorry, I have been in and out doing multiple hearings as we do. It is good to see you again, Mr. Horowitz. Mr. Dodaro, it is good to see you, and welcome, Mr. Smith. So I guess, I am going to try to broad shoot this thing here. Is there any money not expended in any of the COVID Relief packages that you are aware of?

Mr. DODARO. Yes, there is about, as of November 2022, there is about \$157 billion in unobligated funds.

Mr. BIGGS. OK. Unencumbered, unobligated, unspent?

Mr. DODARO. Right.

Mr. BIGGS. OK. Great. Thank you. And what is the total amount that you estimate was spent through either fraud, improper payments, or waste in any of those programs? Go ahead, Mr. Horowitz.

Mr. HOROWITZ. So, Congressman, it is even at this point too early to give any estimate that is reasonable. What I have said before and I will say again, it is clearly in the tens of billions of dollars, but it wouldn't surprise me if it exceeds ultimately more than \$100 billion, but we have so much work to do. It is why Congress extended the statute of limitations last year to 10 years. We are in year three, and that is why we need that extension on the unemployment insurance side as well, so we are going to be counting and figuring this out for years to come. We are going to go after every penny we can. We are going to use every tool you give us, but it is going to take time, and we are not there yet.

Mr. BIGGS. Yes, sure. And, Mr. Smith, I read that you had returned through an analysis of, I think, 30,000 financial institutions, something about \$3 billion to unemployment insurance benefits. Is that correct?

Mr. SMITH. Yes, sir.

Mr. BIGGS. OK. And I want to get to this because I think this is interesting. During the last round of questioning, the assertion was made that there was \$653 billion overall in unemployment insurance that was disseminated through those programs, and that the estimate was somewhere below 25 percent was improper payments, fraud or whatever. So, if that is the case though, I mean, is that accurate? First of all, I want to just make sure. I don't want to be misstating something. That is what I understood the testimony to be.

Mr. DODARO. Yes. The Department of Labor estimated for 2021, improper payments of \$78 billion, which is about 18.9 percent rate.

Mr. BIGGS. OK.

Mr. DODARO. And in 2022, it estimated \$18.9 billion. That is a 22 percent improper payment rate. And so, those are the estimates of the Department of Labor, and those estimates are for the regular unemployment benefits. It is not for the pandemic unemployment

insurance fund. So, those aren't complete estimates for all the Federal spending that was made during the period of time.

Mr. BIGGS. OK.

Mr. DODARO. The Labor Department is now trying to figure out the Pandemic Unemployment Insurance Program. That is the one that went to people who are self-employed or working part time or, you know, that was the new program that was created. The other Federal programs extended the benefits, were added to the benefit during a period of time. Those programs are covered by the estimates, but not the other one, the new one.

Mr. BIGGS. Doggone, I am more confused now than ever.

Mr. DODARO. Yes, but I just want to be clear on exactly what has happened.

Mr. BIGGS. No, I appreciate that.

Mr. DODARO. Yes. Right.

Mr. BIGGS. And as we go forward, maybe we could get together and just kind of suss out a little bit, you know, what that range might look like in totality versus—

Mr. DODARO. Yes. You know, what we have done is we have estimated on the unemployment insurance area. If you take the fraud rate and extrapolated that at the low end, the low end of the estimate is greater than \$60 billion.

Mr. BIGGS. Sixty billion dollars. Yes, I saw that.

Mr. DODARO. Right, and now we are working to try to figure out an estimate. Again, no one will know—I agree with Michael—until all these investigations are underway. And I mentioned, the Labor Department IG is opening up 100 new investigations every week, and the PPP Program has over 500 investigations underway. So, there will be investigations into fraud on this for a period of time, but we are trying to give a sense of what we think the magnitude would be.

Mr. BIGGS. Well, I look forward to continued discussion with you, gentlemen. And I just have to, Mr. Chairman, my colleague from New York earlier mentioned fraud occurring within the Unemployment Insurance Program in my home state of Arizona. What she did not mention is that Arizona actually identified the problem, partnered with a private sector company, and implemented an identity verification system because it is kind of getting to what you are talking about there, that a Biden administration official, Treasury, called, “kind of a silver bullet,” and that “almost immediately the fraud ring saw the game was up,” once the tools were rolled out, and you had a 99 percent reduction in fraud once when we implemented those measures in my state.

So, I would love to take a closer look at Arizona's response, how it worked, why it worked, and maybe we get there, at the Federal level as well, Mr. Chairman. And so, I appreciate, again, you all being here today, and thank you, Mr. Chairman. I yield back.

Chairman COMER. Very good. The chair recognizes the gentleman from California, Mr. Garcia, for five minutes.

Mr. GARCIA. Thank you very much, Mr. Chairman, and I want to thank you and the committee for having us. We look forward to, of course, hearing from and having been heard from all of our witnesses, so thank you very much.

Before joining Congress, I served as mayor of Long Beach, California. It is a city of about half a million people, coastal community. I was mayor during the entire time of the pandemic and the emergency. I also happen to be very proud of the response that we had as a community to this pandemic. President Biden called our response locally in Long Beach a national model. The Governor of California said it was the best response from a city in the state of California. In fact, we were the first community to vaccinate 99 percent of our seniors. We were the first community to vaccinate all of our public school teachers in our school system, and we were the first city to reopen our public schools as a school system in the state of California.

So, I lived the pandemic 24 hours a day, every single day since it started. And I think it is important as we have this hearing and others on this important topic because I know that the issue around the pandemic, and our response will continue to be an important topic for the Congress. It is important to remember that this emergency was a catastrophic loss of life event. We have lost over a million Americans across this country. And just in Long Beach alone, we have lost over 1,300 residents, friends, families, and neighbors. Personally, I lost both my mom and my stepfather to the pandemic. My mom was a healthcare worker, and so the loss is real for a lot of us. We also saw our economy collapse. Jobs were lost, businesses were closed, folks became unhoused, and families and kids were greatly impacted, particularly around schooling and their ability to learn every single day.

Now, there has been a lot of attacks by the Republicans on this committee and across the House on the Biden administration and our response on the work that is happening in our agencies. I think it is really important to also note that we had a catastrophic emergency and that the President, the Vice President, and all the folks in our agencies did and are doing the best job that they can to manage this emergency, so I want to thank the President for his response. I want to thank his continuous work that is happening right now in our recovery.

A lot of folks don't realize that the CARES Act and the American Rescue Plan saved lives. It saved small businesses. It saved cities. It saved nonprofits. The money that was sent to us by the Federal Government kept cities like Long Beach afloat and countless others across the country. It allowed us to provide food for those that were hungry. It allowed us to keep people in their homes with tenant and rental assistance. It allowed us to open homeless shelters when people were falling into homelessness. It allowed us to provide small business grants to small businesses that needed to stay open, to restaurants that were about to close. And so, I am grateful to all of you that were involved in some type of oversight or implementation. I am grateful to the Federal Government for providing support for our cities. And most importantly, the money from the CARES Act and the American Rescue Plan provided opportunities for us to test, to vaccinate, and to keep workers employed.

It is important to note that in any major crisis or emergency, there are going to be mistakes. We were all moving fast and quickly. We take them seriously and we learn from them. In California, for example, we have already seized and recovered over a billion



dollars in fraud and abuse. I think it is important to know that mistakes in emergencies are going to happen, but it is also to know who should be held accountable for some of these concerns being brought up by my Republican colleagues. And if Comptroller Dodaro can just remind us who was actually President when the pandemic started?

Mr. DODARO. President Trump.

Mr. GARCIA. Thank you for that because I remember as Mayor how difficult it was to get any sort of support from the White House. There was no PPE. We weren't getting our masks on time. We had to go procure tests ourselves. And so, I am sympathetic that oftentimes in emergencies, things are going to be difficult. Us as a city had to spend \$20 million of our own money immediately without knowing if we were getting reimbursed or having support from FEMA, just to keep people alive on the ground. And to Assistant Director Smith, which administration actually established the COVID-19 Fraud Enforcement Task Force?

Mr. SMITH. Sir, we were protecting President Trump at the beginning of the pandemic.

Mr. GARCIA. But then I believe President Biden actually put in place an additional committee on fraud and abuse on the pandemic. So, I say that because there is obviously going to be mistakes made across administrations, but I am grateful to the Biden-Harris administration today for actually trying to do as best they can to address some of the abuses that are happening. I also think it is important to put the entire context of what we are talking about in this idea that we have just experienced the single largest loss of life event in the modern era of our country. So, I want to thank the three of you for your service, and I want to thank the committee for bringing this up in this hearing. I yield back the rest of my time.

Mr. PALMER.[Presiding.] Before I recognize the next member, Mr. Dodaro, you said there were \$137 billion in unobligated COVID funds that—

Mr. DODARO. I believe it was \$157 billion.

Mr. PALMER. A hundred and fifty seven billion?

Mr. DODARO. Yes.

Mr. PALMER. If you have a general estimate of the total amount of unobligated funds in all agency accounts regardless of what they were there for, do you have an idea of what is out there?

Mr. DODARO. Do you mean for all Federal spending?

Mr. PALMER. Yes, and unobligated funds.

Mr. DODARO. I don't have any idea on that right now. I can find out and provide it for the record.

Mr. PALMER. I would appreciate it if you would provide that.

Mr. DODARO. It is a big government.

Mr. PALMER. Yes.

Mr. PALMER. The chair now recognizes gentlelady from South Carolina, Ms. Mace, for her questions.

Ms. MACE. Thank you, Mr. Chairman. I also want to thank the ranking member for this hearing today. And the partisanship and the politics of this hearing is absolute and complete B.S. Our country and the entire world faced a pandemic unlike anything our generation has ever faced, and some decisions were made that were

good and some decisions were made that I am sure we are going to look back on 20 years from now and have a great heartburn over like all of the fraud that has been committed.

You know, partisanship in politics has kept us from doing our job on oversight. It keeps us from doing our job in Congress. It keeps our Federal agencies from being able to be the best that they can be. And any time that the Federal Government spends trillions of dollars, we should ensure it is safekeeping regardless of who is in power. COVID-19 is not the fault of this administration or the past administration at all, but it is up to us. I mean, the spending and the fraud has been a product of Republicans and Democrats for generations and for decades. We have got to ensure that the safekeeping of this money is done better now than ever before.

There was guidance from Federal agencies on how to allocate these funds. The guidance was vague and led to potential integrity concerns and opportunities for bad actors seeking to take advantage. And I know that at the time this was rushed, and there was an urgency because of the worldwide emergency, but even with these concerns, the money kept flowing. As the last two COVID Relief spending bills added to the sum total of \$1.15 trillion payments to individuals, just over \$1 trillion to unemployment, when we literally paid people to stay home. No wonder none of us should be surprised it was hard to get people out of their homes and back to work, and we had, you know, \$779 billion for PPP loans. A total of about \$5 trillion was spent roughly on COVID relief.

As of today, there have been over 1,000 people convicted of fraud relating to COVID-19 problems. Over 600 are currently facing similar Federal charges, and it sounds like by the testimony today, there might be thousands more charged in the years ahead. And I appreciate everyone's testimony today, coming here and being forthright with our committee.

Today I am encouraged by our leadership on oversight, that we will leave no stone unturned to uncover waste, fraud, and abuse plaguing these programs. And the thing that I found, I think, most interesting to me in the testimony today is the data issues that we as a Federal Government have. You mentioned, Mr. Horowitz, about having to subpoena 50 states for data, and it doesn't matter if we are dealing with immigration, or we are dealing with COVID relief fraud, or we are dealing with background checks on bad guys trying to buy guns. We have a real problem with data, data integrations, our systems talking to one another, or legacy technology that is being utilized. And if we don't fix it soon, we are just going to be overrun with it.

So, I appreciate some of the ideas that have been put forth, but one of the things that has intrigued me and I think it probably intrigues a lot of people, and this is in the few moments that I have left in the committee today, is the use of artificial intelligence in some of this and trying to find the fraud. And of course, now we all know about it, since ChatGPT, 5 million users, I mean, 1 million users in the first five days and only growing exponentially, and they are not the only ones. I mean, there is GitHub, and Copilot, and a bunch of others.

But I would just—my questions today, and I will start with you, Mr. Horowitz. Can you explain the type of work, you know, how is

AI being used? Is it advantageous? Is it speeding up the process? How useful is it? Just some of your feedback with the use of AI and detecting fraud.

Mr. HOROWITZ. Yes, and thank you, Congresswoman. It's a very important question you raise, and I think at the outset, people need to be cautious about it. We have also read about some of the cautions in using AI. I know IGs are doing oversight work in that space. GAO is as well, but it can be very helpful. And in fact it is just a further advancement at some level of the analytics that we are using to try and find issues, and anomalies, and problems, and things we should be following up on.

So, for example, we used a more primitive form of AI at the outset to try and help the SBA inspector general because they were getting in one day 1,000 or more complaints, which was more than they had gotten in the prior year in total. They needed to try and figure out and triage those, what were the highest level most important ones. They came to the PRAC. We helped them triage that by using a form of, if you will, AI, far more primitive than what you mentioned. But those are the kinds of things we can do. It is something that we have to do as governmentwide agencies need to use it. Inspectors General need to use it. I know GAO uses it. It is the future of oversight.

Ms. MACE. Thank you. And I have run out of time, but I look forward to working with you all as the new subcommittee chairman on Tech, Cyber and Government Innovation. It is going to be a huge marker for us to determine waste, fraud, and abuse in the future and I agree. Thank you for your time today.

Mr. PALMER. The chair now recognizes gentleman from Florida, Mr. Frost, for five minutes for his questions.

Mr. FROST. Thank you, Mr. Chairman. I am glad that we are starting this committee talking about waste, fraud, and abuse, and how we can make government work better for the people. You know, Mr. Chairman, the previous comments, I agree with the initial comment that we need to take the politics out of the discussion, take the politics out of this, and the posturing and the hyperbole, so that way we can work together, again, to modernize our government and make it work for the people. And I hope this committee will continue to look into other financial abuses such as wage theft and corporate welfare as we continue over the next two years.

Assistant Director Smith, you know, we have heard a lot of hyperbole and political posturing from this committee today. I think the way that we communicate and talk about an issue is extremely important in finding the solution. You know, we have heard things like the "greatest theft in our country's history." I am curious from the point of view from law enforcement, does that type of hyperbole when talking about crime work to exacerbate the issue?

Mr. SMITH. Sir, thank you for the question. I think it is inconsequential to the bad guys as a law enforcement professional. Bad actors exploit situations, no matter what the political climate is, so we focus on investigating violations of identity theft, fraud, wire fraud and bank fraud.

Mr. FROST. OK. Thank you. Thank you, Mr. Dodaro. Is it Dodaro, right? Yes, OK. All the GAO's recommendations include increasing the capacity and resources of the Federal Government to help deal

with the waste, fraud, and abuse. You know, oversight isn't just talking about an issue, you know. We have to solve it. And in the spirit of solving it, can real improvements be made without additional resources and money to the government, to these departments and agencies, so that way they are set up for success to deal with the issues?

Mr. DODARO. Yes, some of them can be made without additional resources. Some need additional resources, such as the IG community, to continue their investigations on fraud, but also to set up this analytics center. And so, you know, it is really a mixture of both.

Mr. FROST. Do you think that the amount of resources that were allocated during the previous administration was sufficient enough for what we are dealing with?

Mr. DODARO. I think there was adequate money given. I think it was just a choice of decisions that were made. In some cases, you know, I talked about limitations in the legislation itself. The agencies made decisions that I think could have been different decisions. They were given money to help administer the programs. I think there could have been a little bit more flexibility that was given.

I know Treasury has run into some problems recently because they couldn't redistribute the money among some of the programs, particularly new programs, because until you start administering them, you don't know whether it is an adequate allocation or not. Congress fixed that with the latest Consolidation Appropriation Act. But I think by and large, the resources were there, it was just some decisions that were unfortunate.

Mr. FROST. Got you. Thank you. Thank you. Mr. Horowitz, on this committee, I have heard a lot of demonizing of Washington bureaucrats, and bureaucrats are often scapegoated. And to be clear, when we talk about bureaucrats, we are talking mainly about working class people who have decided to serve their country by working to power our government. Do you believe that one of the central issues here is that agencies and departments were not set up for success? And I am thinking specifically about the previous administration, we got into this issue. Do you believe they were set up for success to be able to dole out the amount of money that was being given out?

Mr. HOROWITZ. You know, I think the problem at the outset of the pandemic was, as the comptroller general has mentioned, the lack of preparedness. Now, understanding this was a 100-year event with the pandemic, but we have emergencies all the time. We have earthquakes, floods, hurricanes, tornadoes, other disaster relief. It happens regularly, not at the scale perhaps as this did, but we don't take the steps after an event like this or smaller emergency events to fix what is needed. That was the problem.

Just to give you a sense of it, the SBA, Small Business Administration, which administered the PPP and EIDL Program, the largest amount of money they had ever given out in a loan program prior to the pandemic was \$30 billion. They were giving out \$50 billion in a day when the pandemic hit. So when you say, were they ready for success, well, if you go to an agency that has experience giving out \$30 billion over a year and you say, here is \$800 billion,

get the money out the door, which was the initial PPP Program. That is a recipe for a very challenging situation, no matter who is running the agency.

Mr. FROST. Yes. No, no, thank you, Mr. Horowitz. Yes, and I think the point here is, I agree, we need to prepare for the future here, whether it is a pandemic or anything else. And I am looking forward to working with my Republican colleagues on ensuring that we give the adequate resources and know how to our agencies and departments, so when this happens again, we are prepared for it. Thank you. I yield back.

Mr. PALMER. The chair now recognizes the gentleman from Florida, Mr. Donalds, for five minutes for his questions.

Mr. DONALDS. Thank you, Mr. Chairman, and to the witnesses, thank you for being here. It is actually great to have all the witnesses here in person. It is a novel thing in the 118th Congress, so really appreciate your attendance.

A couple of things has been stated through the hearing that, you know, we want to make sure that oversight is being conducted, of course. But I would like to remind a lot of my colleagues and a lot of the freshmen who are here for the first time, there was no oversight over any of these dollars in the last Congress. I know that because I sat on this committee, and there were no oversight hearings about anything associated with pandemic spending, so I am glad that we are tackling this now.

And it is critical because the other thing that is kind of in the news cycle, especially today, tomorrow, will be with us for a couple months, is we have hit our debt ceiling. We are out of money, folks, \$31.5 trillion. We don't have new money. And so, if you are going to take account of having to potentially raise the debt ceiling in the United States of America, you have to take account of how the Federal Government goes through the process of spending its money, whether through normal times or even through pandemic times.

Mr. Chairman, I want to submit for the record an article by Politico. The title of the article is, "Biden Administration Reroutes Billions in Emergency Stockpile, COVID Funds to the Border Crunch." That is the article.

Mr. DONALDS. The article states that the administration went through a process of reappropriating, or moving around almost \$2 billion from money supposed to go to the Strategic National Stockpile, and also funds intended to help study long COVID that was at the National Institute of Health and rerouted to actually help house migrants coming across the Southern border because of the President's reckless border policy. So Mr. Dodaro, are you aware of this reshuffling of dollars from the pandemic emergency to the southern border, in my view, failed strategy of the President?

Mr. DODARO. Yes.

Mr. DONALDS. And, Mr. Dodaro, when the President made this rerouting, what were some of the uses of funds that it was used for at the southern border?

Mr. DODARO. I don't have that information right now. I am aware the situation and what happened, but I don't know, you know, the details.

Mr. DONALDS. OK. Well, one of the things that I will request from you and your office is could you provide the committee those details?

Mr. DODARO. Sure.

Mr. DONALDS. Because it is going to be important for the Oversight Committee to understand that when money was shuffled from pandemic response to border policy, which, by the way was just a unilateral policy shift at the beginning of the Biden administration, that could have put American citizens at risk during the pandemic. And the reason why this is illustrative is because if we go down the line of setting precedents on how funding is going to be used, we should have an idea of what administrations have done in the past. So, I think this is actually very critical information.

One other point, there is money that came through the American Rescue Plan, the \$1.9 trillion, "COVID bailout of the American economy," I say, quote/unquote because it really didn't work, but a bunch of that money is actually supposed to go to state and local governments, including to school districts through ESSER funds.

Now, Mr. Dodaro, there is another tranche of this money that is slated to go out. This goes to the previous question by Mr. Palmer, about obligated funds, somewhere to the tune of half a trillion dollars that is slated to go out, and the President has now said that he is going to end the COVID emergency effective May 11. If the COVID emergency ends effective May 11, what is going to happen with these ESSER funds that are obligated, but have not yet been transmitted?

Mr. DODARO. I will have our attorneys take a look at that to make sure because we have appropriation law attorneys that provide assistance. But I think—I am not sure the funding is tied to the national emergency declaration in terms of what is been appropriated already. And I know some of the funds are available for use up to 2026, some up to 2030, so I don't know if the termination of the national emergency would trump what is already in the legislation in terms of how available those funds are made, but I will have our attorneys take a look at it.

My guess would be that the appropriation would be the governing factor for the uses of those funds in the future, that they would still be available, but I don't know for sure. I will have a double check on that. There are some funding things, particularly in Medicaid, for example, that would have to be changed that are tied to the national emergency declaration.

Mr. DONALDS. Agreed. Medicaid is one of those things that is tied to the national emergency. I would just proffer for the committee that if we are going to go down this road of having to find a way to raise our debt ceiling, one of the things we should do is we should end letting money go out the door that was tied to the pandemic. That is now essentially over. With that I yield back.

Mr. PALMER. The chair now recognizes the gentlelady from Vermont, Ms. Balint, for five minutes for her questions.

Ms. BALINT. Thank you, Mr. Chair, and good afternoon, all. Thank you for being here. I am sitting here as a new Member of Congress, but I am also sitting here as a former leader of my state senate in Vermont, and was on essentially our state's frontlines in dealing with the pandemic emergency much like my colleague, Mr.

Garcia. And I want to be clear that we all want to reduce improper payments. I think that is clear. I don't know some of my colleagues on the Republican side, but I think we all can agree that that is a goal because it is the people's money.

What I want us to do, though, is bring us back to that moment at the beginning of the pandemic. It is a moment that I remember so clearly, thousands and thousands of Vermonters calling my office, calling the office of all of my colleagues, Republicans and Democrats, to say, we are desperate. We are desperate. We can't pay our bills. We don't have money for food. We can't pay our rental payments. And I cannot convey to you the loss of sleep or the worry that we all had as state legislatures trying to protect our people. And what I am concerned about this morning is I feel like at the heart of this hearing, has been a false choice between ease of access to government assistance when disasters strike. And as Mr. Garcia said, we lost over 1.1 million Americans, and I am sure like many of the people in this room, I know people who succumbed to the pandemic. So, I believe it is a false choice between ease of access to help alleviate fraud, and making sure people get the help they need. This is about real people. It is about real families. It is about desperate people needing assistance.

And so, the question I have for you this morning is, do you agree with that assertion that government must either choose speed or accuracy, because what I know is getting the money out quickly to people desperately in need saved lives in every community in my home state.

Mr. DODARO. I think you can do both if you are prepared, and that is what I have said all along. I have acknowledged in all our reports the important assistance delivered to needy Americans, but there are definitely choices. I mean one of the things, the economic impact statements where the money went directly to individuals, there were some problems with that. The first round, \$1.4 billion, went to deceased individuals. We have gotten about half of that back, one of which was my own mother who had passed away earlier and my sister returned the money, though, so.

Ms. BALINT. Is that on the record, Mr. Dodaro?

Mr. DODARO. Yes.

Ms. BALINT. OK. Just checking.

Mr. DODARO. Yes. No, that is.

Ms. BALINT. I am joking.

Mr. DODARO. I have already said it when I testified in 2020 on this.

Ms. BALINT. OK.

Mr. DODARO. But the programs that are administered through third parties present problems, and if the agencies are prepared and they are designed properly, you can get the money out quickly, but you can also minimize the fraud. We are not saying you can never eliminate it, but I think if the agencies are prepared, the programs are designed properly, people can get the aid they need as soon as possible. What happened with the fraud, though, is because some of these funds were limited—

Ms. BALINT. Can I, Mr. Dodaro, just because I am going to run out of time. I appreciate it.

Mr. DODARO. Yes, sure.

Ms. BALINT. So, a follow-up question is, can you highlight for us the ways in which we can design benefit systems with the recipient in mind, making sure that we are combating improper use of funds, but making sure it is meeting the needs of the people on the other side, those real Americans who need the help?

Mr. DODARO. Right. Yes. Well, I think we need better identity verification systems to know who the people are that are applying. Mr. Horowitz talked about that. I have talked about that. We have made recommendations about that. I think the agencies ought to be better prepared to know how to prevent fraud from happening in the first place. There are a lot of different ways that those things could be done and be done properly.

Ms. BALINT. I appreciate that, and I am eager to partner with anyone on this committee that wants to address these two things simultaneously. And I just want to say, in this committee, we have to keep the people back home in mind every single day. I yield back.

Mr. PALMER. The chair now recognizes the gentleman from North Dakota, Mr. Armstrong, for five minutes for his questions.

Mr. ARMSTRONG. Thank you, Mr. Chair. At this point in time, we have all seen the headlines, "Paycheck Protection Program fraud," "Economic Injury Disaster Loan fraud," "improper unemployment payments." And I would like to concur with my colleague from Florida in that one of the common and unfortunate denominators to these headlines is that when they held the majority, Oversight Committee Democrats failed to hold a single hearing to protect COVID relief programs from waste, fraud, and abuse.

But I think the most frightening result of this lack of oversight is that foreign hackers, including those acting on behalf of foreign countries, have tapped into these large funding mechanisms and stolen dollars meant for struggling Americans. I understand that the large scope and quick disbursement of COVID relief can result in waste, fraud, and abuse, but it is unacceptable that our strategic adversaries had such an easy means to infiltrate through cyber means. Specifically, in December of last year, it was reported that a hacking group which was talked about a little earlier as APT 41, stole at least \$20 million in U.S. COVID relief funds, including both unemployment insurance dollars and Small Business Administration loans.

By the time the COVID relief funds became a target of opportunity, APT 41 had been in existence for about 10 years and had become the workhorse of the cyber espionage activities for the Chinese Communist Party. The hackers are believed to be connected very closely to the government, and they allegedly act on orders directly from China's Ministry of State Security. While there are many bad actors targeting government programs, this is allegedly the first strategic foe, a state-sponsored cyber threat of the U.S. COVID benefit funds.

Assistant Director Smith, earlier you answered that the Secret Service is unsure if APT 41 was directly ordered by the Chinese government to target U.S. COVID relief funds. When do you think the Secret Service expects to have resolution on if the hackers acted on their own accord or by government direction?



Mr. SMITH. Sir, sometimes in the context of a criminal investigation, those answers never get reconciled. As I said before to your colleague who asked me the question originally, we focus on financial crimes, and sometimes financial crimes leads you and the evidence leads you to entities that may have other interests in mind. Again, if that happens, we employ our partners at the Department of Justice, who may also have some additional angles into how they are looking at particular groups.

Mr. ARMSTRONG. And just generally speaking, whether they were working directly for them or not, I mean, the Chinese Communist Party knows of their existence, right?

Mr. SMITH. I cannot attest to what their knowledge is or not.

Mr. ARMSTRONG. Reports have stated that Secret Service recovered nearly half of the \$20 million stolen by the APT 41 hackers. I am assuming you are continuing that investigation.

Mr. SMITH. Yes, sir.

Mr. ARMSTRONG. These are kind of unfair in that. Do you have any timelines and like do you have anything you could share with us, either publicly or sometime privately?

Mr. SMITH. That case is a large, very broad case out of our Denver Field Office, and it will be unpacking that for some time, sir.

Mr. ARMSTRONG. Comptroller Dodaro, as I mentioned, hackers have targeted the unemployment insurance funds of several states, the extent of which is still unknown. What can we do outside of tearing down those entire systems in all 50 states to provide states with whatever safeguards the Federal Government can on unemployment insurance programs, even without enhanced COVID benefits from foreign actors?

Mr. DODARO. Well, I think the Labor Department, with some of the funds that have been given available, has begun to set up identity verification methods, means to also check addresses, so those efforts need to be continued to go down the road. But cybersecurity is an issue that the Federal Government, governments at all levels haven't heeded. I put that on the high-risk list across the Federal Government in 1997 and added critical infrastructure protection in 2003. This problem has been known for a while, and I think we need to make sure we have more modern systems that can check. The other problem is allowing data sharing. It took me years to get Congress to allow the Social Security Administration or to require them to give the Death Master File to the Treasury Department so we could stop paying deceased individuals. That hasn't even happened yet. It is not scheduled to happen until next year, and recommending that that be expedited.

So, there are a lot of things that could be done, but the systems have to be modernized. There are too many legacy systems. Some of the state systems go back to the 1970's, and some of the Federal Governments are decades old as well.

Mr. ARMSTRONG. Yes, in many states, that is the last IT upgrade everybody does, I mean, regardless, all the way across. So, thank you. I yield back.

Mr. PALMER. The chair recognizes Ms. Lee.

Ms. LEE. Thank you, Chairman, and thank you to the witnesses for your testimony. It is still surreal to be in this room on the Oversight Committee.

In January 2023, our country has experienced multiple mass shootings and a lynching at the hands of police. And yet here we are, the very first hearing of the Oversight Committee, to criticize critical unemployment benefits from a global pandemic. This isn't just politics for me. Before joining Congress, I, like many of my colleagues, served for years as a state legislator in Pennsylvania. Just one year later, we crashed head on into this global pandemic that, frankly, we were not remotely prepared to handle.

Every single day, I heard over and over and over the desperate calls of folks unable to access food banks, people facing the risk of homelessness, folks literally contemplating suicide, unable to eat or work. Every call was a real Pennsylvanian, a real person whose literal lives relied on the same benefits my colleague see fit to criticize this morning. When the benefits were ended in September 2021, there were 174,572 people receiving the pandemic emergency UC and 387,932 people receiving the pandemic unemployment assistance in the Pittsburgh Metro Area. The pandemic relief was literally the difference between life and death for my community and communities all over the country, so focus on the people impacted.

I turn to you, Mr. Horowitz. Understanding \$3.1 billion was secured in the Consolidated Appropriations Act of 2023 to protect and strengthen the federated UI system under the Department of Labor Inspector General, can you tell us how these investments could be used to improve the federated Unemployment Insurance system?

Mr. HOROWITZ. Absolutely. Thank you, Congresswoman. And, you know, we held hearings about the value of the Unemployment Insurance Program and other programs to help communities, as you said, but also heard about the challenges that communities had to get the money in the right place. First and foremost, the money needs to be used to modernize IT systems. It is different state to state. Some states have older systems than others. But it seems to me that one of the first things that has to happen is the funding needs to be used to modernize antiquated state systems.

Ms. LEE. Thank you. I can certainly attest to that. Ours was a system that was entirely ill-equipped to handle this. By March 2020, I believe, almost a million Pennsylvanians found themselves suddenly unemployed. With that in mind, I have the same question for Mr. Dodaro. Again, how these investments could improve the federated Unemployment Insurance system?

Mr. DODARO. I would echo the first comment that Mr. Horowitz made that the IT modernization systems need to be put in place in each state. Now each state has a different program. I mean, their eligibility requirements are different. So, it has to be tailored systems. Second, though, I think there ought to be more data sharing agreements made on the part of the states to work together. Mr. Horowitz gave an example before of a Social Security number, one number that was used by 29 states. That shouldn't be able to happen with the use of modern technology. I also think that the Labor Department ought to try to have states voluntarily implement fraud reduction programs. I mean, there was fraud rate of about at least four percent in these unemployment programs before the pandemic.

So, there has been fraud in these programs for a number of years. And the requirement for the Federal agencies to implement

GAO's fraud reduction framework is for Federal agencies, but it doesn't cascade down to the state level, which is something I think Congress ought to consider. And the Labor Department is helping them have fraud prevention programs. They have to make sure that they are adequately staffed properly as well. The problem was that, you know, we were at historic and low unemployment rates. The states had reduced their staffing systems, had old IT systems, not a prescription for success, and so I think they need to deal with those issues.

Ms. LEE. Thank you, and thank you, Mr. Chairman. I yield back.

Chairman COMER.[Presiding.] Thank you. The chair now recognizes Mr. Timmons for five minutes.

Mr. TIMMONS. Thank you, Mr. Chairman. Mr. Dodaro, I want to begin by thanking you for your work with the Select Committee on the Modernization of Congress. We were able to get signed into law just in December the Improving Government for American Taxpayers Act. We hope that we can get the executive branch to act on your recommendations and probably save taxpayers billions and billions of dollars, so I just want to begin by thanking you for that.

Mr. Horowitz, it seems that there is likely tens of billions of dollars in PPP loan fraud that has yet to be uncovered. Is that fair?

Mr. HOROWITZ. There is likely tens of billions.

Mr. TIMMONS. Some estimates are as high as \$100 billion, but we can just agree on tens of billions?

Mr. HOROWITZ. Yes.

Mr. TIMMONS. That is fine. It seems to me that you have all of the information necessary at your disposal to identify this fairly rapidly. You look at the Q4. Well, you get the business tax ID number and you compare the Q4 withholdings for W2 employees versus the amount of the PPP loan, and then the Q2 and Q3 of 2020 withholdings, and there should be an algorithm or some sort of a proportionality between those different numbers. So, that should be some sort of a report that you can run and then you can just start arresting people. Is that not how this should happen?

Mr. HOROWITZ. There might be a little more sophistication to it, perhaps, but let me just say, we don't have access to that data.

Mr. TIMMONS. What do you need from Congress because it is literally a report. You should be able to run a report on those four data points, and then you are going to get tens of thousands of businesses that got PPP loans fraudulently, because if the metrics don't match up, then they lied, and they stole, and they need to go to jail. So, what do you need?

Mr. HOROWITZ. A clear congressional action in legislation that says that. It took the fraud alert we issued this week matching our information, and all we did was send name, date of birth, and social to the Social Security Administration and said don't send us back your data. Just give us yes/no answers. Are these the real names? It took us 10 months to do that.

Mr. TIMMONS. Again, we agree—

Mr. HOROWITZ. Yes.

Mr. TIMMONS [continuing]. That the Q4 withholdings of 2019 and the Q2 and the Q3 withholdings of 2020, plus the amount of the PPP loan, those numbers should have a proportional correlation that we can all agree is fairly straightforward. It is going to be up

and down a little bit depending on how much your rent is, what your utilities are, but those numbers should all match up. And if there is a huge discrepancy, and whatever that correlation is, then they probably stole, and it was fraudulent. Do you just need us to force everybody to create that report?

Mr. HOROWITZ. What we need is access to data. It is what the comptroller said about just the Death Master File Index.

Mr. TIMMONS. I don't even think you need access to that. You need that report run, and you need to have the list, and the discrepancy, and the correlation of those four metrics, and then you need to go and start putting people in jail.

Mr. HOROWITZ. We need the data analytics platform to continue, and we need access to all of this data, and Congress has to legislate that.

Mr. TIMMONS. Do you need access to the data, or do you just need Treasury to run a report?

Mr. HOROWITZ. They won't run the report unless it is clear. We have access——

Mr. TIMMONS. We can make them run the report.

Mr. HOROWITZ. That is what we would need as well then. That's correct.

Mr. TIMMONS. I am sure that this is not a partisan issue. If people stole tens of billions of dollars in COVID relief, possibly denying benefits to people that actually needed it, those people need to be held accountable. And the fact that here we are years later and we still have not done something, that should literally be as simple as running a report in a computer at the Treasury Department. I mean, you need us to pass a law making them do that.

Mr. HOROWITZ. We need a law. We would love to get employer identification number information to see if some of it actually exists.

Mr. TIMMONS. Why would Treasury not do this?

Mr. HOROWITZ. Because there are Federal laws, like Section 6103 of the Tax Code, that restricts sharing of tax information. And we are not talking just for the public's benefit, not individual income tax returns that we are talking about, but 6103 is written broadly for a variety of very good reasons to limit where that—that tax information.

Mr. TIMMONS. All right. Well, look, there are four pieces of data that are attached to every business tax ID number, and this should be easy. I will work on legislation with everyone that is willing, and we will try to get you that information as quickly as possible. Thank you. With that, I yield back.

Chairman COMER. The chair recognizes Mr. Casar for five minutes.

Mr. CASAR. Thank you, Chairman, and thank you, Ranking Member. I am so glad that we are having this hearing. After years in local government working 24/7 during the pandemic to save lives and jobs in Texas, I have this opportunity to thank the Congress for their work, bipartisan work on the CARES Act. And thank you to congressional Democrats for the American Rescue Plan.

Congress should be proud of the way that those bills helped save people's homes, kept people in their jobs and kept people alive. I want to be clear. No one in the country is more strongly against

fraud than my working-class constituents who needed those COVID dollars to make sure their small businesses kept running, to make sure they got PPE at work, to make sure they got vaccines, to make sure their house wasn't foreclosed on. Any dollar taken from those programs by fraudsters is a dollar taken away from people who needed support.

And similarly, we must be against fraudulent mischaracterizations of COVID relief programs that ultimately aim to reduce aid to people in need through these programs and other programs. We can talk all day in D.C. about COVID programs theoretically, but as a former city leader who put these programs in place, I can tell you that thanks to the work of the Congress and President Biden, local leaders in my community, one, saved people's homes; two, saved local economies; and three, saved lives.

So, before I ask my question, I just want to share some facts that you may not have heard from Texas. One, we kept people from losing their homes through protections against evictions and foreclosures plus Federal housing relief dollars. The city of Austin reduced evictions in 2021 by 75 percent, keeping thousands of people in their homes. Conservative estimates are that COVID housing programs kept over a million Americans from losing their homes.

Two, we saved local economies. Because these programs and this kind of funding, the city of San Antonio in my district was able to support over 1,200 small family businesses, keeping them from closing, provided 160,000 meals to residents in need, trained over 5,000 struggling workers, putting thousands of people to work. The ARP kept 12 million people out of poverty, and pandemic relief programs according to CBO, kept GDP up eight percentage points.

And third, we saved lives. Thanks to the funding for vaccinations and public health programs plus our COVID rules, the city of Austin had the lowest, along with Travis County, had the lowest COVID-19 death rate amongst our major Texas cities. Every death in our community was a tragedy, and if we had been able to achieve that same rate across Texas, we would have 45,000 more Texans who would have survived the pandemic. President Biden's vaccination strategy, along with local leaders' efforts, have kept nearly half a million people from being hospitalized.

I just want to be clear. You cannot fraud your way to these lower COVID death numbers. You cannot cook the books and save this number of people from losing their homes, or their jobs, or their businesses. The hospital beds, the food lines, the morgues do not lie. These COVID relief programs did powerful work, even while we continue to work to root out any instance of fraud.

So, what I want to ask our panel here today is that we, of course, need to focus on getting rid of fraud, but without telling these stories of success, we could weaponize accountability efforts to undermine these programs that you have said have helped struggling Americans. So, in your time targeting fraud, can you give us examples of programs you have looked into that functioned well, served the American people with urgency, and ensured that dollars actually got to the people that needed them the most?

Mr. HOROWITZ. I would say, Congressman, we haven't heard stories from people that said these programs were a complete waste. That is not what we have heard. We have heard success stories in

many of the programs. We have talked about PPP, and EIDL, and the unemployment insurance. Restaurant revitalization program helped restaurants. The various state and local funding vehicles had a substantial impact. We actually visited six communities as part of our oversight work and are working on a report on it to see how they used COVID-related funds, what impact it had on those communities. And so, we have gone to communities around the country to get that information.

The challenge has been making sure that large percentages of that money went to the people it was intended for and went to the communities it was intended to help. So, I wouldn't come here and say we heard testimony that these programs were bad. What we heard was these programs were helpful, and how do you fix the fraud to make sure the money goes to the right place.

Mr. CASAR. Thank you for that. Yes, of course, you know, helping folks out in a mile-long food line, those folks aren't there committing fraud. But what we are trying to do here is make sure that we are recovering dollars that weren't getting to those folks.

Mr. DODARO. Yes. No, I agree with what Michael has said. But I would also add, you know, Operation Warp Speed, I thought, was a very effective program. We were able, working with the private sector and government, to develop the vaccines in a record time. Normally, it would take 10 to 15 years to develop a vaccine, but Operation Warp Speed worked, I think, extraordinarily well. The programs have provided funding to help support healthcare workers, providers was very effective as well. But all of these programs had some level of effectiveness, but it could have been even more effective, is what we are saying. If all the money that was allocated was used properly, we could have maybe saved more people, helped more people out, and that is our goal.

Mr. CASAR. Thank you. I think it is our goal as well. I yield back.

Chairman COMER. The gentleman's time has expired. The chair recognizes Mrs. McClain for five minutes.

Mrs. MCCLAIN. Thank you, Mr. Chairman, and thank you all for being here today. I appreciate it. A little bit of background is, I come from the financial services background, and I really want to focus on the waste, the fraud and abuse and really to represent the American people.

In my background, if I were to defraud a client, probably two things would happen. One, I would have to pay the money back, and two, I probably do a little time for that, and rightly so. So, I want to really focus on what are the consequences and what are the penalties, and then what is the relationship, because if I understand it correctly, it is your job, Mr. Smith, to kind of make a preliminary case and then hand it over to the DOJ. Am I directionally correct on my understanding?

Mr. SMITH. Yes, sir. Yes, ma'am. Yes, ma'am.

Mrs. MCCLAIN. So, in your testimony, you mentioned that the Department has recovered over a billion dollars, which I think is a good start. However, we still have \$500 billion in potential fraud out there that we have just identified, and who knows, there might be more. So, I am curious as to how many pandemic fraud cases your office has actually referred to the DOJ. Do you know that?

Mr. SMITH. So, to give you some background, we have opened over 5,000 cases since March 2020. We obviously follow the evidence, and once we feel like there is investigative merit, we take those cases to the Department of Justice, U.S. attorney's offices. And those U.S. attorney's offices look at those cases and the prosecutorial merit of those, along with other Federal law enforcement entities because it is not just the Secret Service——

Mrs. MCCLAIN. Sure.

Mr. SMITH [continuing]. But other Federal law enforcement entities who are bringing pandemic-related cases as well. They have to de-conflict and prioritize.

Mrs. MCCLAIN. So, let's stick with that theme because I am trying to get some answers. So, you have over 5,000 cases. How many of those have you referred to the DOJ, give or take?

Mr. SMITH. When we open the case, once we feel like there is enough evidence to move forward from a prosecutorial judicial standpoint, we present that case to the U.S. attorney's office. I don't have the breakdown of how many were presented yet. I can get that number back to you though.

Mrs. MCCLAIN. If you could, directionally, do you have an idea?

Mr. SMITH. When we open the case, the——

Mrs. MCCLAIN. Is it a 90 percent accept rate? Is it a 20 percent?

Mr. SMITH. Well, accept rate is actually different than presentation rate because when we open a case, the intent is to eventually present it to the U.S. attorney's office.

Mrs. MCCLAIN. Right. So, I am trying to make the correlation to you commit a crime, there is a consequence. And what I am trying to do for the American people to help justify for them their tax dollars being misused on fraudulent basis, and I appreciate and applaud your efforts. I am trying to connect the dots on what is the number. Directionally, you have no idea. Does the DOJ accept most of the cases? Are most of the cases that you find accepted?

Mr. SMITH. I mentioned in a previous response, so as a Federal law enforcement entity, we are, you know, by nature, trying to go after the most egregious actors.

Mrs. MCCLAIN. Sure.

Mr. SMITH. That is why we train state and locals——

Mrs. MCCLAIN. Yes.

Mr. SMITH [continuing]. In our Computer Forensics Institute down in Alabama to focus on a local level, but we are confident in our colleagues at the DOJ. They take as many cases as they can, and they work——

Mrs. MCCLAIN. So, with all due respect, you may be confident, but I don't know if the American people are confident with their tax dollars. And I don't mean any disrespect, but that is why I am trying to ask these numbers is to get some answers for the American people. Let me rephrase it. How many of these cases are currently being prosecuted by the DOJ? Do you know that?

Mr. SMITH. I don't know that overall number for the Department of Justice. I do know that we have made nearly 500 arrests since the beginning of the pandemic.

Mrs. MCCLAIN. OK. So, you have made 500 arrests. What has the result of that been? So, I know you have recovered over a billion dollars, right? Any jail time?

Mr. SMITH. Yes, ma'am.

Mrs. MCCLAIN. Can you talk to that effect?

Mr. SMITH. I haven't compiled the number of years or months total from the 500 arrests. I haven't done that, ma'am.

Mrs. MCCLAIN. OK, because I do think at the end of the day, just like we treat our children, if there is a consequence to your action. Mr. Dodaro, you talked earlier about deterrence. Well, part of the deterrence process may be actually if we publicly show the American people that we are going after these criminals, these people that are stealing American's hard-earned moneys, and not only are we recovering the money, but they are doing time and hard time, that might help on the deterrence. So, when can I expect some results or a report?

Mr. SMITH. Ma'am, I will give you a timeframe on that when I get back to the team, but we have been pursuing results since the beginning of the pandemic and—

Mrs. MCCLAIN. But I would like an accurate accounting of the results, if at all possible, and just to help on a positive note saying, listen, we are good stewards of your money. We are trying to get your money back. So, with that, I know I am over time.

Chairman COMER. Right. The gentlelady's time has expired, but feel free to answer the question.

Mr. DODARO. Thank you very much, Mr. Chairman. So far, according to the data that we have analyzed from the Department of Justice, there have been over a thousand people who have pled guilty or been convicted. There are over 600 charges pending against another 600 people. There have been at least 779 people who have been sentenced so far. This is on page 6 of my written testimony. The number of people, it has gone from one year probation to 17 years in prison, so the sentences are significant. We have a number of individual examples sprinkled throughout our testimony. So, that is a broad accounting at this point. Michael probably has even a more precise accounting.

Mr. HOROWITZ. Yes, I was going to just build on that. You know, there are the numbers. I agree with Mr. Dodaro. Everything is on our public website. We post all of the cases that we are as an inspector general community involved in. I couldn't agree with you more. The public needs to know there are consequences. Crime doesn't pay. And what we are going to do as inspectors general, as long as that clock is running, and Congress last year extended it from 5 to 10 years in one group of cases—hopefully, we will do it in others—we are going to keep going. It is going to go for seven more years or more, but are going to hold everybody who we can hold accountable, accountable. And as inspectors general, we don't care about dollar thresholds. We are going to go after the smallest dollar to the biggest. Obviously, you prioritize. We have multiyear sentences to date for some people. No one should think they got to get-out-of-jail free card, but one of the things that can help, because we are not only talking about fraud, we are talking about improper payments, right, and recovering money.

And so, that is where one of the things I mentioned earlier—the Program Fraud Civil Remedies Act, it is an administrative way we can get money back. It is not criminal, but the taxpayers know we are getting the money back. Right now the threshold to use, it is



\$150,000. We want to raise it to a million dollars so that we can go after that.

Chairman COMER. Thank you. The chair recognizes Ms. Crockett.

Ms. CROCKETT. Thank you, Mr. Chair. I have changed my question a little bit, so I am going to go to my roots. As a criminal defense attorney, a lot of times I would voir dire a jury. And one of the questions that I would ask is, is it better to convict an innocent person or to let a guilty one go free? And oftentimes, the look that I am seeing on Mr. Smith's face is the look that I would get from potential jurors because for them, it was an impossible question because neither one of them sounded like a good resolution. And I bring this up because what we are talking about is government, which happens to be less than perfect. We are also talking about a once-in-a-lifetime pandemic.

And so, what I want to better understand is, I want us to be real. I feel like in this hearing we have talked a lot as if we can erode all bad guys, make criminals disappear. I believe in the opening remarks from Mr. Dodaro, he talked about the fact that, basically, there are those that were sitting and ready to pounce, not necessarily that the pandemic was producing some super criminal all of a sudden, but these are fraudsters, many of them who had a record.

When you talk about these sentences, one can presume that the higher sentences went with people that most likely had been in trouble at some point in time before in their lives, and so I want to talk about realistically. Let me first begin by saying, I applaud the efforts that all of you have made in your respective areas, to make sure that we are doing our part. But I think that what we are losing sight of is the fact that we save lives, and there were people that were in desperate need. And when we talk about our economy and the fact that we are still struggling to recover from the pandemic, we minimized some of that. This was a mitigation exercise that Congress had. And so, while it may not have been perfect, because there wasn't a playbook for the previous pandemic, because I am guessing most of you all weren't here a 100 years ago.

I am trying to find out, when you look at it overall, if we wanted to be realistic about this imperfect system, if we were to throw out percentages of fraud because I know that right now you don't have a crystal ball to know exactly how much fraud has occurred. But when we look at, say, other programs that have been rolled out, what is a good threshold for what we should anticipate as kind of part of the business that we unfortunately may endure when we are talking about such a large—government is big. And so, it is definitely not perfect. There is a lot of people in it. What are we talking about realistically, and how far off of that mark were we when we look at these types of circumstances? And it doesn't matter who answers.

Mr. HOROWITZ. Yes. Congresswoman, it is an excellent question, and I don't have any precise number I can tell you. I think for all of us who have done this for a while, the lack of preparedness and the management of the programs at the outset created a much larger opportunity for fraud than should have happened. Whether that should have been—as you noted, there is always going to be fraud in programs where there are some bad people out there who

will, no matter how much you try, find their way to get the money illegally. But I think most of us think that percentage of fraud could have been much smaller.

Ms. CROCKETT. OK.

Mr. HOROWITZ. And whatever we are going to end up here, had there been preparedness and action taken in advance.

Ms. CROCKETT. OK.

Mr. DODARO. Part of the framework that we work with Congress to put in law back in 2016 requires a fraud risk assessment, a profile, but also a tolerance level for risk. That would be said for every individual program. So, you would make a conscious decision up front of what you are willing to tolerate in order to have that trade-off for speed, and getting delivery of services out there as fast as possible to save lives, to help deal with economic consequences.

Right now, it is just whatever happens to us, as a government happens to us, and we deal with the consequences. And I have been in GAO over 49 years, so we have been a lot of disasters during that period of time: Katrina, and the American Rescue Act, during the Great Recession, the \$700 billion to unfreeze the credit markets during the global financial crisis. In this situation, there is more fraud than we have seen in equivalent type of things over the years, recognizing that this was the biggest American rescue in our history. But had we been better prepared and actually implemented requirements for managing fraud consciously up front, we would reduce the amount of fraud and made better use of that money to help really achieve the objectives of the legislation.

Ms. CROCKETT. Thank you.

Mr. SMITH. As I said in my opening remarks, I always think that collaborating and sharing information on the front end will lead to some mitigation of criminal behavior. But obviously, my experience as a law enforcement professional says, you know, there is always going to be some element of criminal activity afoot.

Ms. CROCKETT. Thank you so much.

Chairman COMER. The chair now recognizes Mrs. Boebert for five minutes.

Mrs. BOEBERT. Thank you, Mr. Chairman, and thank you so much to our witnesses who are here today. I appreciate your time and your willingness to be here and speak with us, and answer these very important questions. Now, I am going to get right to it.

Members of Congress have been told that American taxpayers were defrauded a possible \$560 billion as a result of the Federal Government's negligence in carrying out these Federal COVID relief funding programs. And I am going to start with a rhetorical question here, but does anyone know of an organization in America, or around the world, public or private, that has been scammed out of \$560 billion, and simply, is that OK? I certainly can't think of one, and I don't think that it is OK either. So, after what was the largest fleecing in American history, possibly world history, can any one of the witnesses today give me the name of one administrator, one director, a supervisor that was fired, demoted, or put on leave because they failed to keep hundreds of billions of dollars from being stolen from the American taxpayers? And I will yield very quickly to each of our witnesses for simple "yes" or "no," and I will start with you, Director Smith.

Mr. SMITH. No, ma'am. That is not my focus.

Mrs. BOEBERT. Thank you.

Mr. HOROWITZ. I don't know that as I sit here. I could ask the fellow IGs to see if they know of any actions that have been taken from an administrative side.

Mrs. BOEBERT. Thank you.

Mr. DODARO. Yes, offhand, I do not.

Mrs. BOEBERT. Thank you. I didn't think so, and that is pretty insane. Five hundred and sixty billion dollars we are projecting, and we have hundreds of billions of dollars lost, causing massive inflation. Seventy percent of the money, according to the CEO of LexisNexis Risk Solutions, ended up lining the pockets of crime in countries like China, Nigeria, Russia, and not a single person in charge of distributing that money has been held accountable.

So, here is how badly the American taxpayer was conned. The United States Federal Government has reportedly been defrauded of more money in the last two years than the entire 2022 tax revenue of England, Italy, Mexico, Ireland, Greece, Israel, Canada, Poland, and Brazil combined. The American taxpayers have one question: how the heck were these bureaucrats so dang incompetent, that they were being scammed out of \$35 million every hour for nearly two years? Absolutely insane.

And what is equally concerning is the fact that, for years, Congress has known the size and scope with which the American taxpayer was defrauded, yet this committee refused to act until now. Now, the Republicans hold the gavel and in a desperate attempt to protect the Bidens, the Big Tech industry, the Democrat Party, the mainstream media has tried to discredit this committee before our work has even begun. There should be nothing more bipartisan than ensuring American tax dollars aren't stolen by fraudsters, but sadly, it has taken a Republic-controlled Oversight and Accountability Committee to be willing to get to work on it.

So, here we are. The American people had their businesses shut down. They lost their jobs, their livelihoods, their life's work because of government mandates and shutdowns, and that same government spent trillions of dollars, lost hundreds of billions, and the result is skyrocketing inflation and interest rates for the American people. And our role is to ensure that we find out how this happened and make sure that it never happens again, and hold those that stole money from the American people accountable.

And, Chair Horowitz, I would like to ask you, under the Biden administration, we have seen the DOJ wage a full out attack against the American people from accusing parents concerned about their children's education of being domestic terrorists, to raiding the homes of pro-life activists, to pressuring private companies to censor conservatives. As Republicans have continued to mention throughout this hearing, there is a clear difference between people who were issued improper payments versus fraudsters who have stolen hundreds of billions of dollars collectively from the American taxpayer with malicious intent. Now, Chair Horowitz, what is the Department of Justice doing to ensure that the Federal Government is targeting criminals and those who knowingly took millions of dollars from the Federal Government to fund criminal gangs in Russia, China, and Nigeria?

Mr. HOROWITZ. So, we have worked with the Department, inspectors general, and the PRAC have worked with the Justice Department on these investigative matters. They have set up a fraud task force. We are a member of it with the Secret Service. We have worked closely with law enforcement partners across the Federal Government. It is going to take a substantial amount of time, effort, and resources because there are so many cases. We have that partnership working right now. We are going to continue to refer cases to them, and they are going to have to make assessments on which cases to bring criminally. We are also working with them on the prepayment signed on with the civil lawyers as well because, again, we want to get the money back for the taxpayers.

Mrs. BOEBERT. Yes. Thank you, Mr. Chair. I yield back.

Chairman COMER. Thank you. The chair recognizes Mr. Goldman for five minutes.

Mr. GOLDMAN. Thank you, Mr. Chairman, and thank you to our witnesses for your service and being here today. After that effort to blame the victim for fraud by bad actors, let's first go back to the undisputed premise that the money appropriated by Congress, including by nearly all of my Republican colleagues on the other side during the past 2 Congresses, was both life-saving and economic saving, as we faced the worst pandemic in our history.

Now, as a prosecutor, I prosecuted rampant mortgage fraud that resulted from the subprime mortgage crisis, and we know there was significant fraud arising out of the TARP program following the 2008 financial crash. But I was shocked to learn in preparing for this hearing that many of the COVID benefits or at least some of them were available based on a self-certification process. Am I correct, Mr. Horowitz, that that means that individuals could receive COVID relief funds simply by certifying their eligibility without any independent review?

Mr. HOROWITZ. That is correct.

Mr. GOLDMAN. Now, would you agree—Mr. Horowitz as also a former Federal prosecutor and current IG of DOJ—that is self-certification process is a recipe for fraud?

Mr. HOROWITZ. Absolutely.

Mr. GOLDMAN. I read your opening statement closely, and I appreciate very much your call for more resources for data and data analysis, which, in my experience, is the most effective way of rooting out identity theft, unquestionably the biggest cause of COVID fraud, as well as most other frauds. Mr. Horowitz, in your view, has the Department of Justice received enough money to prosecute fraud related to COVID relief funds to the very fullest extent?

Mr. HOROWITZ. I think that is going to be a question over time because they are ramping up dramatically as we are, and as Secret Service is, and others. They will need additional resources, particularly this year and in the coming years, to deal with what I think will be a continued, you know, a substantial number of cases.

Mr. GOLDMAN. So, you would certainly agree that the Department would benefit from more funds for COVID relief fraud?

Mr. HOROWITZ. I believe they will need that this year and in the years to come.

Mr. GOLDMAN. I want to ask you to switch your hats now back to the inspector general for the Department of Justice, and I am

going to direct your attention to a recent *New York Times* article entitled, “How Barr’s Quest to Find Flaws in the Russia Inquiry Unraveled,” which is dated January 26, 2023. Did you read this lengthy article last week, Mr. Horowitz?

Mr. HOROWITZ. I did read it.

Mr. GOLDMAN. OK. Mr. Chairman, I ask for unanimous consent to introduce this article into the record.

Chairman COMER. Without objection, so ordered.

Mr. GOLDMAN. Now, this article is based on a month-long investigation by the Times exposing a tremendous amount of waste and abuse, but no fraud by Special Counsel John Durham, who was assigned by former AG Bill Barr to investigate the origins of the Russia investigation under a false conspiracy theory. Mr. Horowitz, you released a report on that exact topic, didn’t you?

Mr. HOROWITZ. We released our report about the handling of Crossfire Hurricane and the FISA matter in December 2019.

Mr. GOLDMAN. And Crossfire Hurricane, just to be clear, became the Special Counsel Mueller’s investigation, right?

Mr. HOROWITZ. What has been referred to colloquially as the “Russia investigation.”

Mr. GOLDMAN. Right, and you concluded that the initiation of a full Russia investigation by the FBI was legitimate and supported by the evidence. Is that correct?

Mr. HOROWITZ. I would want to go back and find the exact words I used in that report, but we did not find evidence of inappropriate decision-making in that regard. But again, I would want to use the precise language I used in that report. It is public. It is on our website.

Mr. GOLDMAN. OK. And you referred one case to Special Counsel Durham, correct?

Mr. HOROWITZ. That is correct, and attorney, Mr. Clinesmith, who we found had altered a document.

Mr. GOLDMAN. And he pled guilty, and other than that case, do you know how many cases Mr. Durham charged?

Mr. HOROWITZ. As to what is public, I have no idea if there is anything under seal. I am assuming not, but I don’t know the answer to that. There are two public cases beyond that.

Mr. GOLDMAN. And how many convictions did he get?

Mr. HOROWITZ. Other than the Clinesmith case, the other cases were—the juries has found the individuals not guilty.

Mr. GOLDMAN. Mr. Horowitz, last night, Congressman Ted Lieu and I sent you a letter requesting that you conduct an investigation into Special Counsel Durham’s investigation to see if Mr. Barr or Mr. Durham violated any department policies, regulations, or law. Have you reviewed this letter yet?

Mr. HOROWITZ. I was not aware that you had sent that until you just showed it to me, but I certainly will read it and review it.

Mr. GOLDMAN. Mr. Chair, I would ask for unanimous consent to offer into the record, and could I just add——

Chairman COMER. Without objection. The gentleman’s time has expired.

Mr. GOLDMAN. Mr. Horowitz, can you just commit to right now——

Chairman COMER. Gentleman's time has expired. We appreciate the questions on COVID and appreciate the passion for investigations. We will get to that in the next few weeks, but thank you for the questions. The chair now recognizes Mr. Fry for five minutes.

Mr. FRY. First, Mr. Chairman, thank you for holding this hearing today. Thank you to the witnesses for being here. I am going to highlight an example of COVID fraud in my very own district. Just last year, two members of a Myrtle Beach family were sentenced in Federal prison and a third to probation for their roles in a scheme to defraud the government out of more than \$500,000 through a series of fake tax returns and stealing stimulus checks sent to other Americans under the CARES Act. While many people are struggling to make ends meet during the pandemic, these criminals went on a shopping spree with money stolen from the American people. You know, while I am a Member of Congress, I am also a resident of that district. This is in my very own community, so I want to thank you, Chairman for holding this because this also touches home as it does for many Americans.

I would imagine, Mr. Smith, that this is by no means the only place that this is happening. Can you talk about or touch on similar instances that are occurring around the country from a factual standpoint?

Mr. SMITH. Yes, sir. While we talk somewhat about transnational criminal organized groups, our experience in the 5,000-plus criminal investigations that we have opened is overwhelmingly, you know, homegrown actors. You talked about your home district, Myrtle Beach. Our Columbia, South Carolina Field Office is one of our most active field offices, especially when it comes to employing taskforce partners. They actually won the cyber games that were hosted by the National Computer Forensics Institute last year. So, we do have a lot of capacity, a lot of law enforcement passion in your district.

But as you mentioned in your question, that is a similar footprint that exists in our other cyber fraud task forces, the 41 other ones around the country. And what we do is employ not just agents with guns, but analysts and other professionals that collaborate together with those financial institutions, with those local banking communities and local law enforcement professionals to, you know, detect and arrest bad people.

Mr. FRY. Thank you, and I know you touched on how you are investigating some of these actions, but can you touch on how you are identifying new cases of fraud or abuse moving forward?

Mr. SMITH. So, early in the pandemic, as I mentioned in my opening, we partnered with the Department of Labor, OIG, and SBA OIG, and we assigned MOU, Memorandum of Understanding, where we shared information, shared anomalies, shared indicators of compromise that lead us to bad actors. I mentioned earlier how we talked to a lot of money mules. We follow money, and once you follow money and what accounts that those resources went into, generally speaking, you are going to get to the bottom of a crime because overwhelmingly, our investigations focus on folks that are looking to enrich themselves through illicit activity. So, once you start knocking on doors, asking questions, and looking into bank

accounts, you usually got to get some answers from a law enforcement perspective.

Mr. FRY. Thank you. Mr. Dodaro, once an improper payment has been made, how difficult is it to recoup that money?

Mr. DODARO. Well, it is important to recognize that the improper payment estimates are estimates and projected, but when they are found, it is always difficult to recover the money. I think in the last two years, there have been improper payments of over \$200 billion. Recoveries have been about \$20, \$23 billion.

Mr. FRY. So 10, 12 percent-ish?

Mr. DODARO. Yes.

Mr. FRY. I mean, in this instance, would you agree that improper payments are not always recoverable? I mean, you are going to run into a brick wall?

Mr. DODARO. Absolutely, and you are going to have the same issue with fraud.

Mr. FRY. Out of all the improper payments that had been made, and I know you have collected \$23 billion back, how much can we realistically expect to recover?

Mr. DODARO. That has been about the consistent number that I have seen over time. The main thing I have been trying to do and convince Congress to have some legislation to do this and oversight, is the stop the improper payments in the first place. The same with fraud. Unless you prevent this from happening, the prospects of recovering this money over a period of time are pretty slim, based on historical evidence.

Mr. FRY. And I am going to ask this to you and direct to my final question. Is it possible from a strategy standpoint to enlist the help of states either incentivizing it or whatever to broaden that perspective? Is that a decent policy initiative to look into?

Mr. DODARO. Absolutely. I have been trying to convince each administration I have worked with the use the state auditors more effectively in that area, Medicaid program in particular. The Medicaid program alone in the last two years has had \$98 billion and \$80 billion in improper payments. State auditors could help greatly. State auditors could help in the unemployment insurance area, and auditing the Federal Government, they ought to support state auditors, and they can use them to hold people more accountable for third party deliveries.

Mr. FRY. Thank you. I yield back.

Chairman COMER. The chair recognizes Mr. Moskowitz for five minutes.

Mr. MOSKOWITZ. Mr. Chairman, thank you, and thank you for holding this hearing today on Pandemic Response, Waste, Fraud, and Abuse. I think we can agree on a bipartisan basis that, of course, we want to find out about waste, fraud, and abuse because in the emergency management business, one of the things we do after a disaster is we do after action reviews, and we look at what went right and what went wrong to not repeat those same mistakes.

And so, when the country began—you know, we are facing an unprecedented whole-of-country crisis, the first 50-state disaster in American history. Every state had a disaster declaration. At the same time, the Trump administration was ill prepared and, in fact,

several times wanted the states to take the lead instead of the Federal Government, specifically when it came to PPE. And so, we have heard a lot about fraud and abuse today.

I want to focus on the waste. It is not as sexy as fraud and abuse, but the amount of waste that happened during the pandemic, especially in the PPE space, is something that I want to discuss. You know, that void that was created when the states had to step up and procure all these resources. The states had to compete against everybody but Antarctica, but, most importantly, the Federal Government. And while the Federal Government was raising prices, companies were price gouging the Federal Government, while the Federal Government was not following their own procurement. In fact, \$18 billion was spent by the Trump administration procuring these goods. Ten billion dollars of that did not go through procurement. It was sole-sourced contracts.

And so, one of the things I want to talk about as the former director of emergency management for the state of Florida for Governor DeSantis is, and this question is for you, Mr. Horowitz. Did the Inspector General's Office ever look at anyone within the inner circle at the White House on whether they were involved in specifically selecting vendors and negotiating pricing for PPE?

Mr. HOROWITZ. So, each inspector general has authority by law in the IG Act over the employees in their building, in their agency. We do not have authority to investigate individuals outside, and there is no inspector general for the Executive Office of the President or the White House.

Mr. MOSKOWITZ. OK. I appreciate that. So, let's switch over to the GAO then. Has the GAO examined whether anyone within Trump's inner circle, including family members, were involved in decisions on who should get what contracts and the \$10 billion that didn't go through procurement, and the pricing that was paid for all sorts of different PPE, whether that be masks or ventilators? I mean, trust me, I have read all of the stuff, but I just want to know, did you guys specifically look at any of that?

Mr. DODARO. No, we did not.

Mr. MOSKOWITZ. OK. So, what if I proffered for you that when states could not get this PPE out of FEMA or out of HHS, that we had to call the White House to get this stuff released directly from his inner circle? What if I proffered for you? Would that sound like normal procurement process during an emergency?

Mr. DODARO. Probably not.

Mr. MOSKOWITZ. Right. So, you know, one of the questions that I think we should focus on, Mr. Chairman, in this hearing is that COVID was not a two-year event. It was a three-year event. And I am more than happy to join with the majority and look at the fraud and abuse that went on in the last two years in COVID-related programs, but I think it is only fair for us to also look at the beginning of the disaster and the amount of government waste that existed by the Federal Government sole sourcing contracts and negotiating pricing within the White House subverting the process from Federal agencies, because not only did that drive up cost and waste. That filtered down to the other 50 states because if the Federal Government was paying more money, and if I wanted to buy those supplies, I had to pay more money. So, it isn't just the \$18



billion that was spent here. It is the money now that FEMA has to reimburse those states for goods that were too expensive because the Federal Government drove up those prices. I yield back.

Chairman COMER. The chair recognizes Mrs. Luna for five minutes.

Mrs. LUNA. I just want to thank the chairman and all of the witnesses for participating, and I know it has been a long day, so I will try to keep this short.

COVID improper payments continue to be an area of concern in the Federal Government due to lack of oversight from the Biden administration, as Representative Boebert had stated. Estimates range as high as \$560 billion of government COVID spending was subject to fraud, waste, and abuse. That is our hard-earned taxpayer dollars that could have been used to feed families, heat homes, and fill up the pump during the Biden-caused inflation crisis.

President Biden continued to approve COVID spending with no guardrails in place to make sure that money was going where it was intended to go. We have seen the Federal Government spending and distributing to illegal immigrants, the same illegal immigrants, mind you, that did not take or pass the health screening process for legal immigrants to come here. And in addition to that, they did not pay into our taxpayer system. I would like to submit the graphic into record.

[Chart]

Mrs. LUNA. We can see that the city of Chicago is sending \$71 million for financial assistance for underserved communities, such as undocumented residents. The state of Washington is handing out \$340 million in grant payments for immigrants or illegal immigrants who are not otherwise eligible for Federal stimulus. And the city of Boston is sending \$1 million in direct cash transfers to legal immigrants, who are unable to receive Federal COVID benefits. This rewards a dangerous process incentivizing people to come here illegally where some estimated that a shocking 60 percent of Latin-American children, who crossed the border largely because they are seeking the American Dream and understand some of the benefits people offer in this country are caught by cartels, exploited for child pornography, and drug trafficking. These are not cherry-picked facts or distorted figures. This is actually happening.

My question is for Mr. Horowitz. If illegal immigrants are prohibited from Federal public benefits, then why are they allowed to receive Federal COVID dollars from programs like the American Rescue Plan?

Mr. HOROWITZ. So, I would have to go back and look at, you know, each program and what eligibility determinations were made, and who was eligible, and I am happy to follow up with you and provide information to you. We are looking at anybody who is ineligible. Frankly, we don't break it down between the categories of as to why, so we are looking for people who are ineligible. We are working with our law enforcement partners on that, whether you are here legally, not here legally, you really own the business, or you never owned a business. You know, we are going to follow up and pursue that.

Mrs. LUNA. Before I yield back my time, real quick, I just want to put out there that obviously being a part of Oversight, we want to ensure that our taxpayer dollars are being safeguarded, right? But also, that government funds are not being used to largely incentivize and hurt people in the process. And so, just to finalize and maybe just your personal opinion, do you believe that because of this type of inappropriate spending, that it is putting people in harm's way that would potentially not be subject to this victimization?

Mr. HOROWITZ. So, you know, as I said earlier, I don't think we have heard testimony that these programs weren't helpful to individuals. In fact, for many of them, like the PPP Program, we have heard from small businesses that it saved them. For restaurants in the restaurant revitalization program, for unemployment insurance, we heard testimony about how it kept people afloat during this period. So, we haven't heard testimony that the programs were a waste and useless.

What we heard was there was a lack of preparation to issue the benefits. It resulted in fraud, a lot of identity fraud, and what we have heard is how it victimized not just the public who lost the benefit of these programs to wrongdoers, it harmed the person whose identity was stolen. That individual has to deal with that, and it often harms the individual who is intended to benefit because they often struggle to get the benefits because the fraudster got there first—

Mrs. LUNA. Thank you.

Mr. HOROWITZ [continuing]. And the program said they were the fraudster.

Mrs. LUNA. Thank you. And now before I leave, Chairman, would you please submit the graphic for record? Thank you.

Chairman COMER. Without objection.

Chairman COMER. And thank you for your questions. Just to note, they just called floor vote. We are going to get two more questions in, then we will recess and reconvene 10 minutes after votes. There are only two votes, and we move a lot quicker than Pelosi did, so the recess won't take long. But now, the chair recognizes Mr. Connolly for five minutes.

Mr. CONNOLLY. I thank the Chair, and I welcome Mr. Dodaro. Mr. Horowitz, welcome back. Mr. Smith, welcome to the committee. My questions are going to be to you, Mr. Dodaro, and you, Mr. Horowitz. On Monday, the Pandemic Response Accountability Committee, led by you, Mr. Horowitz, released a fraud alert that found fraudsters used nearly 70,000 questionable Social Security numbers to obtain as much as \$5.4 billion from SBA's paycheck protection program. Is that correct?

Mr. HOROWITZ. That is correct.

Mr. CONNOLLY. And the fraud could have been stopped if the Federal Government invested in appropriate data analytics capacity and focused on sharing that data across agency silos and among various levels of government. Is that fair assessment?

Mr. HOROWITZ. That is correct.

Mr. CONNOLLY. Would you agree with that, Mr. Dodaro?

Mr. DODARO. Absolutely.

Mr. CONNOLLY. So, based on previous conversations, we have about improper payments and trying to curb that, which this committee has been talking about for a long time, and has been a high-risk category for GAO for a long time as well. I introduced the Stop Fraud Act, that in fact, would, by statute, do just that. It would have used data analytics and would have propagated that data analytics information sharing across Federal agencies, a desirable goal that could very well have curbed or prevented the fraud we are concerned about. And the bill would also create a center of excellence to look at best practices and to try to assist other agencies in achieving those goals. Unfortunately, not a single Republican co-sponsored that bill, today's hearing concern notwithstanding.

So, I would invite the Chairman, Mr. Comer, maybe to take a second look at the Stop Fraud Act, and maybe we can, as he indicated yesterday his desire and the desirability of cooperating on a bipartisan basis. I do think Stop Fraud Act has real bipartisan potential, and I would welcome Mr. Comer joining me in that effort, but I do think that there are steps we can take, and could have and should have taken that might have made a difference. Mr. Dodaro, would you like to comment on that?

Mr. DODARO. I have since 2015 recommended the permanent creation of a data analytics capacity to support the IG community. It has proven value, and I was very disappointed that the Treasury Department did not pick up that option that Congress gave them to take over the Recovery Operations Center's existing capacity, and I was also disappointed that Congress didn't act on my recommendation back in 2015.

Mr. CONNOLLY. Right.

Mr. DODARO. But better late than ever, and so, I hope that Congress does pass that. I think it will have tremendous proven value and return many more dollars than the investment, but it has to be made permanent so it is ready to go any time.

Mr. CONNOLLY. Yes, absolutely. Mr. Horowitz, would you like to comment on that?

Mr. HOROWITZ. I would just say ditto at some level, but I would remind, as you know, and remind Congress, the law was created with tens of millions of dollars in taxpayer money. It was very effective. It went away in 2015. We had to start from scratch in 2021 with a new appropriation from Congress and more money. We not only wouldn't have had to do that, but I bet we would have found some wrongdoing, fraud, and other recoveries in that intervening five years between the two disasters because there were other disaster relief programs.

Mr. CONNOLLY. And I guess the final point I would pick up on, and you testified to this earlier Mr. Dodaro, it is the culture too. What is rewarded. You know, what is rewarded is pushing money out the door, and funding programs, and having metrics that show many people you have helped to reach all worthwhile goals. But what is not really rewarded comparably is, and when I say \$4 billion, I avoided fraud, I took measures to make sure it couldn't happen. And we have to change that culture, and I am hoping this piece of legislation is a big step in that direction, but I think your point is very well taken. And I yield back.

Mr. DODARO. Yes. And actually, the other culture that has to be corrected, if I may, Mr. Chairman?

Chairman COMER. Go ahead.

Mr. DODARO. Is to make it clear to agencies' management for the programs, that prevention of fraud is their responsibility. It is not just the auditors coming in later, the investigators, Secret Service, or whoever, because unless it is prevented up front, it is not really going to be totally successful. We will always need to have investigations afterwards, but unless that culture shifts to the agencies' management and Congress holds them accountable, you are not going to really be as successful as we all want to be.

Chairman COMER. Thank you. And before we yield back, I would like to comment. We are going to hold these agencies accountable. That day starts today. I ask unanimous consent to enter into the record a letter from the inspector general of the Social Security Administration, dated January 31, 2023. This letter describes various activities that that office has undertaken with respect to COVID fraud, notably in relation to the misuse of social security numbers, which is an issue at the heart of what you all have discussed today in many COVID fraud schemes. This letter also points out that the Social Security IG has never dedicated funds for oversight. He has never received dedicated funds for oversight. This is another step Democrats could have taken in the American Rescue Plan, but chose not to.

So, without objection, I will enter this into the record.

Chairman COMER. Our last question before recess, Mr. Fallon from Texas.

Mr. FALLON. Oh, thank you, Mr. Chairman. Mr. Horowitz, we are hearing a lot of testimony, and would it be fair to say that we are talking about billions of dollars in fraud?

Mr. HOROWITZ. Correct.

Mr. FALLON. It could be tens, it could be hundreds of billions of dollars. The facts matter. I think we are discussing the largest case of fraud in the history of the United States, and, frankly, this might be the largest case of fraud in human history. As we have known about these extremes since early 2021, and it is absolutely an embarrassment to this institution, to the executive branch, to all the Federal Agencies involved.

The U.S. Government has been swindled by not only our own people, but criminals in Russia, in China, Romania, and Nigeria, to name a few. It is estimated that 40 percent of pandemic unemployment assistance funds, about \$4 billion of taxpayer money went to criminal organizations and authoritarian regimes, like Russia and China. Just put this into perspective, according to the World Bank, there are 194 recognized countries on earth, and 171 of them don't even have annual GDPs that rise to that level of \$560 billion. To add insult to injury, Democrats did not hold one, not one full committee hearing on oversight last Congress on COVID-19 fraud, which begs the question, what is this committee even for? Quite frankly, it is for a hearing just like this when a potential amount of \$0.5 trillion has been stolen. And what did the Democrats do instead of investigating rampant COVID fraud? They used the reconciliation process to ram through \$1.9 trillion of spending in the form of the American Rescue Plan Act that contin-

ued to fund broken programs we knew were systemically fraudulent.

So I ask again, what did the Democrats do for two years in oversight instead of investigating the largest fraud in history? Well, they held hearings on the dangers of flea and tick collars for pets, whether or not the Postal Service could handle packages during the holidays, the developments in state cannabis laws, and potential bipartisan reefer reform. They made villains out of CEOs of the critical and essential American energy sector, who are the most effective and most efficient in the world at extracting natural resources. In fact, they help guarantee our national security.

So, I wonder if Democrats considered if their massive spending and barring Federal land leases and permits for drilling had anything to do with the 40-year high in energy prices we have seen. They held hearings on protecting the free speech of environmentalist activists and others that agree with them, while at the same time celebrating censorship of those who didn't share their views. And get this: they hosted two depositions, one roundtable, and one full committee hearing on the Washington Redskins, or Commanders rather they are called nowadays, and why? Because somebody had a bee in their bonnet about Daniel Snyder.

We had hearings to tell us believe it or not that pollution is racist. The weather, racist. Climate change, racist. COVID-19 by definition, an indiscriminate virus was racist. Material healthcare, you guessed it, racist. And America itself, the land of opportunity and prosperity where millions of people come to this country every year, both legally and illegally, to live their dream, many Democrats told us for two years that America is systemically and irrevocably racist, that white privilege runs amok. Fortunately, the hard data proves this leftist talking point to be categorically false, and the list of useless hearings goes on and on. Plain and simple, the last few years were an egregious dereliction of duty and a waste.

So, Mr. Chairman, it is with tremendous delight and relish that I see this committee actually and actively tackling serious matters of import to our country and our citizens, like, for instance, criminal transnational organized crime, stealing \$0.5 trillion from the American Treasury, and, by extension, the American taxpayers, very pockets. So Mr. Chairman, thank you very much, and I yield back.

Chairman COMER. Thank you, gentleman. We are going to now, without objection, go into recess, and we will reconvene 10 minutes after the last vote. We only have two votes, which won't be long. I know we have about eight or nine more questioners and then a second panel. So, without objection, we are in recess until 10 minutes after conclusion of the last vote.

[Recess.]

Mr. LATURNER.[Presiding.] The committee will come back to order.

The chair recognizes the gentleman from California, Mr. Khanna.

Mr. KHANNA. Thank you, Mr. Chair. You know, we have a tendency in this place to always run down everything Congress does or that Washington does. I would submit that our response as a Nation to the pandemic is one of the most extraordinary responses on

a bipartisan basis that this country has ever had. We had 22 million people out of work with the pandemic. Most other nations around the world followed austerity politics. They didn't have enough aid.

We spent, on a bipartisan basis, \$5 trillion to make sure that millions of people got back to work, to make sure that we have a 3.5-percent unemployment rate, not a 10-percent employment rate, to make sure that we didn't have a depression in this country, to make sure that 6 million people didn't go into poverty. That was what unemployment insurance extension was about.

We voted not because it was going to help red states or blue states. We voted because it was going to help the United States of America. And we learned the lesson of the Great Recession that the stimulus then, which the Republicans opposed, was actually too small, that we needed to go bigger, and the person who realized that was not just the Republicans. It was Donald Trump. Three-point-three trillion dollars of the spending we are talking about was Trump oriented spending.

My first question to you is, what percent of fraud are we talking about on the \$5 trillion? Is it less than two percent, three percent? I mean, what percent are we talking about?

Mr. HOROWITZ. Congressman, at this point, I am not in a position to tell you—

Mr. KHANNA. Ballpark.

Mr. HOROWITZ. I have no idea at this point.

Mr. KHANNA. You don't know? Is it less than 50 percent?

Mr. HOROWITZ. It is less than 50 percent.

Mr. KHANNA. Is it less than 10 percent?

Mr. HOROWITZ. There are some programs. I am not sure where—

Mr. KHANNA. Overall. Are you saying there is a possibility?

Mr. HOROWITZ. We have a lot of investigating going on, so I am not going to make a guesstimate when I don't really have—

Mr. KHANNA. Does anyone have a sense if it is less than 10 percent, five percent? You have no idea what percent?

Mr. DODARO. There are still hundreds of cases that are being investigated, so we—

Mr. KHANNA. So, let me ask this. Is there any evidence that the fraud is higher on the \$1.8 trillion that was allocated under President Biden's Rescue Plan as opposed to the \$3.3 trillion that President Trump signed off on the CARES Act? There is no evidence of that, right? I mean, the fraud was equally applicable, potentially, to the \$3.3 trillion as the \$1.8 trillion. Is that a fair statement?

Mr. DODARO. I would say that is a fair statement.

Mr. KHANNA. And Mr. Horowitz?

Mr. HOROWITZ. Yes.

Mr. KHANNA. Mr. Smith?

Mr. SMITH. The breakdown of our criminal investigations is roughly 45 percent UI based and the other 55 percent SBA, but that is just a Secret Service context, just to give you what we have opened up.

Mr. KHANNA. Yes, but the UI was extended under the CARES Act when President Trump was President. And by the way, the Democrats objected back then to a lot of the deregulation on SBA

and a lot of the deregulation and how that was administered. But I just want to be clear because they are trying to imply that somehow this fraud, which, in my view is, is less than 2 to 3 percent, I mean, you can't say it, but even if you think that the fraud, it was \$100 billion, that is still less than a couple percent of the total spending. They are trying to imply that somehow President Biden is to blame for that, and that you would agree is just not factual, correct? I mean, you can't blame President Biden and not blame President Trump with \$3.3 trillion of it was under Trump. Is that correct?

Mr. DODARO. I mean, we are looking at the totality of the programs from 2020 to current day, and we are finding problems across that whole spectrum.

Mr. KHANNA. Mr. Horowitz?

Mr. HOROWITZ. Yes, the fraud began in March 2020. We are looking at fraud cases throughout. Most of the money went out in the earlier periods of time, but there is fraud throughout.

Mr. KHANNA. It is a great point. Most went out earlier. So, if anything, the Trump administration probably is more to blame for that three percent of the fraud. Let me ask this to Mr. Dodaro. One of the challenges has been the antiquated IT systems in many of these states prior to the pandemic, and this is actually one of the challenges with the unemployment claims. Could you compare Republican led state performances on these IT systems versus Democratic states or talk more generally about these IT systems?

Mr. DODARO. Well, I can talk generally. We didn't look at it that way. We don't look at things on a partisan basis. But the IT systems, some of them date back to the 1970's, from what we understand, and efforts were made to try to modernize them. You know, we keep a list of the highest risk areas. This is at the Federal level for the Federal Government. IT acquisitions and operations on the high risk list government wide for the Federal Government.

At the state level, they were having similar problems, and that contributed to their inability to detect some of the fraud. They weren't able to do matching on some cases in some of the larger states, and with the volume of claims that came through, they needed to have automated processes. And some states, they were doing it manually, you know, visually just trying to—

Mr. KHANNA. That was one of the big reasons for the fraud, correct?

Mr. DODARO. That was a contributing factor, yes. And the other contributing factor was self-certifications, and self-certifications, I think was one of the biggest contributing factors were, you know, the people could just say, I'm eligible for this program. In some cases, they weren't allowed and not required to submit supporting documentation, so he just said it, take people word for it, and that is a prescription for fraud.

Mr. LATURNER. The gentleman's time has expired. The chair recognizes the gentleman from North Carolina, Mr. Edwards.

Mr. EDWARDS. Thank you, Mr. Chair. This is working now. Gentlemen, thank you so much for being with us this afternoon. And I have got to tell you, sitting here and watching you be still for as many hours as you did at our age, is a real test of stamina, so you

have my respect. You are going to have to tell me how you do that some time.

I want to shift gears just a little bit. We talked about fraud, and waste, and abuse quite a bit. I would like to turn the conversation if we may, just for a couple of minutes to government efficiency. Through the pandemic, I have observed across all industries, because of the loss of work force, and we could get into the reasons for that. That is a whole series of hearings, I am sure. But every industry that I talked to seems to have been forced to reinvent itself through the pandemic and now that the pandemic is coming to a close. And by reinvent itself, I am talking about doing more or the same job with fewer people. And serving as an appropriations chair for the state of North Carolina immediately before I got here, it occurs to me, because every state agency that was coming to me asking for their appropriation for the following year was asking for more, not less. And I am just curious what you might be seeing, or are you in a position to comment on, has government been able in any way to reinvent itself.

This Congress is on the cusp of having to make some really critical decisions to raise the debt limit to change our spending trajectory. And I would like to know that government is working as hard to reinvent itself and do more with less just like every other industry out there is doing. Do you have any evidence or commentary on that observation?

Mr. DODARO. I don't know if I put it in the category of reinventing itself, but for 11 years now, I issued an annual report to the Congress on overlap, duplication, and fragmentation in the Federal Government, and how to achieve cost savings and perhaps revenue enhancements, and we have issued almost 1,300 recommendations over that period of time. About half of those recommendations have been fully implemented, some partially implemented. To date, there have been financial benefits to the government of over half a trillion dollars, and I think \$565 billion. So, there are efforts underway, and there are hundreds of other GAO recommendations we haven't opened yet, that haven't been implemented, that could save tens of billions of additional dollars.

Right now, we probably have around 5,000 recommendations implemented. I will be issuing that report again this spring. And we also have the high risk list that I have referenced earlier in areas that need a transformation, and that program over the last 15 years has saved \$675 billion. So, there are improvements being made. They are difficult to effectuate, but there is much more that could be done for government to do that, and I think congressional oversight has been key where there has been progress. It has been through congressional action for the big dollars.

Mr. EDWARDS. Thank you. I will be waiting on that report. That will be my favorite read this spring. One other quick question. I know from chairing oversight of unemployment in North Carolina, the Federal Government had this process where they came back and asked for unemployment funds that had already been appropriated through a process called sequestration. Are you familiar with that, and if so, can you tell me nationwide how many dollars were sequestered? And of that, how many were actually recollected from the state?



Mr. DODARO. Yes. I am not familiar specifically with the Unemployment Insurance Program. The only sequestration I am familiar with was due to the Budget Control Act of 2011, and by there, the Congress set limits on discretionary spending. And if the appropriation bills didn't come down to those levels, there was an across-the-board government cut to bring them down to those levels. That happened in 2013 and 2014. That was like the equivalent of, if my memory serves me right, about seven percent cut at that time.

Mr. LATURNER. The gentlemen's time has expired.

Mr. EDWARDS. Thank you very much.

Mr. LATURNER. The chair recognizes the gentlelady from New Mexico, Ms. Stansbury, for five minutes.

Ms. STANSBURY. Thank you, Mr. Chairman, and ranking member, members of the committee. And of course, gentlemen, on the panel, thank you for your time today. I want to take this opportunity at the start of this Congress and this committee's first hearing to say how honored I am to serve on this committee and to join in the oversight of this committee's work. As a New Mexican and as an American, I am deeply proud to serve our country and to serve our communities, and to serve under the leadership of our ranking member in particular, Mr. Jamie Raskin, who is a hero and a scholar here in the House.

Our job on this committee is to defend our democracy and our basic institutions, to protect our rights as Americans, and as a member of the truth squad on this side of the aisle, to hold our government accountable, and counter the lies, conspiracy theories, and extremism that we are going to hear on this committee this Congress. In a couple of words, we are here to fight for the American people and for the people of New Mexico, which is where I was born and raised.

And in fact, I am grateful for this discussion today, because as a native New Mexican and as somebody who grew up in a working family that struggled to make ends meet with a single mother, I personally know what it means to live on the edge, and why critical relief programs, like the programs that we are talking about here today in this committee, were passed by this body to help millions of Americans, who would have fallen through the cracks, as we saw in previous economic disruptions.

In fact, the early relief programs, whether that is the insurance, the PPP Program, the subsequent American Recovery Plan, literally saved lives. Let me say that, again, these programs saved lives. In fact, in New Mexico, almost 93,000 New Mexicans received unemployment insurance. When the pandemic began, I was serving in the state legislature. We called thousands of New Mexicans in my district to find out how they were doing welfare checks: elders who were stranded in their homes without access to healthcare, people whose family members had died, people who were unable to get food and water, especially in our rural and tribal communities. These programs were designed to save lives and to keep individuals from falling into the free-fall of economic disaster during a pandemic.

We know there was fraud and abuse. There is fraud and abuse wherever there are humans who take advantage of systems that do not have proper oversight. I know a lot about oversight. I used to

work in the Office of Management and Budget in this government. I was a Senate staffer, I conducted financial oversight. I know what that looks like. And I have never seen more financial fraud and abuse of this system than I saw in the previous administration under Donald Trump in which financial systems were abused, including by his cronies and fraudsters who were involved in his administration and his friends across the country. And our job is to make sure that they are held accountable and that we are looking out for the people and our communities. So, let's get the story straight.

I know, gentlemen, you have been here a long time today, many, many hours. I know you are ready probably to go take a break and rest, and we thank you for your time this morning for serving our country and the roles that you all play in doing that oversight, but I want to just ask a couple of few questions to clarify what is going on.

So, Mr. Dodaro, I know you have talked a lot this morning and probably answered this question in multiple ways, but I want to be very specific. Can you tell us how many convictions and guilty pleas have come from Federal charges regarding fraud with these COVID relief programs?

Mr. DODARO. Yes. So far, according to the Department of Justice system, there have been over 1,000 people who have either pled guilty or have been convicted. There are another 600 people where charges are pending. There are hundreds of investigations underway now——

Ms. STANSBURY. Thank you.

Mr. DODARO [continuing]. And will be done of the 1,000 people who have been guilty or——

Ms. STANSBURY. Thank you, Mr. Dodaro. I want to just clarify. So, we are talking less than 2,000 people, and we are talking about millions of Americans whose lives were impacted by these programs: 93,000 New Mexicans and less than 3,000 cases of fraud and abuse. Now, we need to hold those who committed crimes accountable, and that is exactly what we are going to do on this committee through the oversight of our Federal programs, who are tasked with that role and our law enforcement and our court system.

Mr. LATURNER. The gentlelady's time has expired.

Ms. STANSBURY. But our job is to make sure that the American people are represented and we keep this government accountable. And with that, Mr. Chairman, I yield back.

Mr. LATURNER. The chair recognizes the gentleman from New York, Mr. Langworthy.

Mr. LANGWORTHY. Thank you very much, Mr. Chairman, and I thank the witnesses for their long testimony here today and your patience.

This is an interesting topic for me because I was a victim of unemployment fraud in my prior role as chairman of the New York state Republican Party, and a fraudster and a criminal applied for unemployment insurance in my name through a previous address that I hadn't lived at for over 10 years. The Erie County District Attorney in my community also was a victim in the same fashion where a fraudster used his name and very public profile to apply

for unemployment insurance. So, it was a very prevalent problem in my state, and reports indicate that billions of taxpayer dollars had been wasted due to mismanagement, fraud, inefficient processes by the government throughout this entire pandemic. You know, when a stock brokerage loses billions of dollars of their customers' investments, the brokerage itself is blamed. However, when government does this, it is swept under the rug. The government should not be excused for losing money on this extraordinary level. Mismanagement and indiscretion to this degree is unacceptable, and it is an absolute disservice to the hardworking taxpayers that have entrusted their dollars, their hard-earned money to this government.

So, Mr. Dodaro, in my home state of New York, a report from the Department of Labor showed that throughout the state Fiscal Year of 2021, the government wasted an estimated \$11 billion of taxpayer money. The primary reason for this waste is the New York State Department of Labor was using outdated technology that it was recommended to replace not once, not twice, beginning in 2010, and again in 2015. So, Mr. Dodaro, I would like to ask you, are there other agencies in the Federal Government or any state governments, to your knowledge, whose outdated technology has led to wasted taxpayer dollars to that extent, and if so, would you mind mentioning who they are?

Mr. DODARO. The problems with the IT systems affected a number of states, and, you know, to what extent compared to New York, I am not able to talk about that at this time. I know there were similar problems in California, for example, and we are now looking at additional states, but it was a problem affecting a lot of states.

Mr. LANGWORTHY. And it was Federal money coming down to the states to make these programs whole. How, in the future, would we hold Federal agencies and state Governments accountable for failing to put in place mechanisms to reduce this risk of improper payment or actually just being so porous a fraud is so many states like New York were?

Mr. DODARO. Yes. One way would be to make sure that they implement our recommendations that we have made by the GAO, inspector generals, and state auditors. Figures that you quote on New York came up from state auditors' office, state auditors, and other states—California, Kansas, and others—have issued reports as well. So, one way is to make sure all those recommendations are implemented. Another way is to make sure that states certify that their systems meet certain standards and that there is appropriate independent verification that those systems are now able to meet certain standards. The Department of Labor should also provide some standards to the states, but each state has its own different system and eligibility requirements. So, it has to be tailored to the individual State.

Mr. LANGWORTHY. Are there any mechanisms or penalties available to the Federal Government to prevent this sort of thing from happening again with states that won't listen to the guidance?

Mr. DODARO. Not to my knowledge right now. They would have to be instituted, and I think it would be good to be able to do that.

Mr. LANGWORTHY. It seems like we put ourselves in a pretty feckless position as a Federal Government, if we, you know, continue to allow states to ignore guidance that has been leveled on them, especially large populous states, you know, that have a population that is open to that much unemployment benefit. We can all agree that their losses to the tune of half a trillion dollars is unacceptable. I think everybody in this room can agree to that. We can't allow this to occur again. We have to be way better stewards of the taxpayer dollar and take that responsibility much more seriously, but I thank you very much for your time here, and I yield back.

Mr. LATURNER. The gentleman yields back.

The chair recognizes the gentleman from Maryland, Mr. Burlison.

Mr. BURLISON. From Missouri. Thank you. Thank you, Mr. Chair.

Mr. LATURNER. My apologies. I am sorry. The "O" looks like a "D" on my list here. The gentleman is recognized.

Mr. BURLISON. Thank you. I am very honored to serve on House Oversight Committee this Congress, and I would like to thank the chair for the hard work that he has been doing on this committee. I look forward to working with each one of my colleagues here in the 118th Congress.

My question is to Mr. Horowitz. On Monday, Senator Ernst revealed that thousands of Federal employees have double dipped on taxpayers and applied for pandemic unemployment assistance in addition to receiving their Federal paycheck. You know, just as a personal note, business owners and working families in Southwest Missouri, which is not exactly the richest part of the Nation, struggled quite a bit during the pandemic and their livelihoods were threatened, and yet Federal employees have the comfort of a government paycheck. Yet there is evidence that thousands of these Federal employees may have falsely claimed that they lost their job. My first question is, how is this even possible? Is there nothing in place to cross-check these employees or do we just pay out the benefits to whomever it applies?

Mr. HOROWITZ. So, one of the challenges is, in fact, the absence of cross-checking information, and that has been a problem across programs. I am aware of Senator Ernst's letter, and we are following up on that. We have done that, for example, at DOJ. I have looked at some of these issues, and we can look at it. It takes a fair amount of time once you get the hits to figure out actually whether there are fraud cases or not because there are spouses who potentially were eligible. We have identified where there are addresses. It turns out there are apartment buildings, so we then have to figure out who else is in that building, you know, whether that address is a hit or not. So, there are things we need to do to make sure we have got the right number ultimately, but it is an important issue, and we are going to follow up on it.

Mr. BURLISON. Before I forget, Mr. Chairman, I seek unanimous consent to enter into the record the letter from Senator Ernst to the Honorable Michael Horowitz.

Mr. LATURNER. Thank you. Without objection. My apologies.

Mr. BURLISON. Thank you. Mr. Horowitz, in your report to Congress last fall, you said that the PRAC was working to identify ac-

tive Federal employees who applied for PPP, and that so far, you had matched tens of thousands of employees with SBA loans for which they were not eligible. Do you have any updates on that analysis?

Mr. HOROWITZ. We have matched the numbers, and that is what I was mentioning to you, we are working through. For example, in my office, we do have cases that are moving forward as a result of that, but it has taken a considerable amount of time to get from the large number to the smaller number because of the absence of particularized data. The challenge has been Agency data not being sufficient to immediately figure this out.

Mr. BURLISON. Do you have an estimated, like an ETA, as when you might have the results?

Mr. HOROWITZ. Well, when we find the case, we start investigating it. We were working with our law enforcement partners at that point, and hopefully those cases will wind up being prosecuted.

Mr. BURLISON. And then what actions have we taken, if any, or what actions will be taken? I guess, if you could answer both, what action has been taken against Federal employees who might have applied for unemployment benefits fraudulently, and what actions would be taken?

Mr. HOROWITZ. Well, you know, we are going to pursue those cases to the fullest extent possible, including seeking prosecutions working with our law enforcement partners on it. I can give you an example. We have several on the PPP/EIDL side. For example, a relatively higher-level person at NASA Agency was sentenced to considerable number of years in prison. He was worked in their financial office, who engaged in, I can't remember whether it was PPP or EIDL fraud, but—

Mr. BURLISON. That is disturbing.

Mr. HOROWITZ. So, we are pursuing those cases.

Mr. BURLISON. That is good to know. Thank you. Mr. Chairman, before I forget, earlier we heard from Congressman Donalds about an article from *Politico* that the Biden administration had re-routed billions in emergency stockpile funds for the border, and I seek unanimous consent to enter this into the record.

Mr. LATURNER. Yes, Mr. Burlison, from Missouri, without objection.

Mr. BURLISON. Thank you. I yield back.

Mr. LATURNER. The gentleman yields back. The chair recognizes the gentlelady from Georgia, Ms. Greene.

Ms. GREENE. Thank you, Mr. Chairman. I would like to bring up something that was brought up by one of our Democrat colleagues on this panel about Republican Members of Congress taking PPP loans. I never took one as a Member of Congress, but as a business owner, I did take a PPP loan in order to be able to pay my employees. And I am so thankful I was able to do that because they would have lost their jobs, and I think it is important to recognize. But the minority side of our committee here is having a witness on the next panel that had said that she didn't or her or any of her affiliates take any Federal grants or contracts related to this hearing's subject matter. But in fact, as executive director of the National Employment Law Project, they took over \$825,000 in PPP loans

from the SBA, so that that does need to be pointed out about the next panel witnesses.

Here we are a Nation that our government spent over \$5 trillion in COVID relief funding, and we can't find \$560 billion, I believe, of that money of the Americans hard-earned taxpayer funding. We are also a Nation at \$34 trillion in debt, and we are on the verge of having to handle our debt ceiling, raise it once again, and here we are looking at waste, fraud, and abuse.

And gentlemen, I thank you for coming and speaking to our committee on this issue. I know it has been a long day for you, but I would like to ask some questions about the type of funding that has been used with COVID relief funds, and it is pretty shocking to me. You know, I read some examples. For example, Washington, DC's Mayor Muriel Bowser plans to use \$31.5 million in American Rescue Plan Funds to transition homes to green energy over the next five years.

As many small businesses were shut down, children lost two years in education, child suicide rates went up, and it is hard to even imagine a child committing suicide. Many people died from COVID. Healthcare workers were fired from vaccine mandates, many other people were fired because of vaccine mandates, and all the issues that have come out of COVID. I want to ask about how this money has been spent because clearly, there is a tremendous amount of waste, fraud, and abuse. And a lot of our hard-earned taxpayers' dollars spent on things that don't even make sense that they have been spent on.

So, Mr. Dodaro, if you don't mind answering a few of my questions, can you tell me as our comptroller of the United States, how much COVID cash was given to abortion?

Mr. DODARO. I do not know that answer. I don't have that answer.

Ms. GREENE. Oh, OK. So, I can tell you Planned Parenthood Clinics received \$80 billion in COVID relief loans, which is hard to understand how that happened. Mr. Dodaro, can you tell me how much money COVID cash went toward diversity, equity, and inclusion, or racism issues?

Mr. DODARO. Again, we have not looked at that issue, so I don't know.

Ms. GREENE. Oh, geez. Well, I can tell you the Pennsylvania Humanities Council did receive \$1.4 million in relief and used it for equity and geographic diversity. I am not sure how that helped in a pandemic time. Mr. Dodaro, can you tell me how much COVID cash went to CRT?

Mr. DODARO. CRT?

Ms. GREENE. Critical race theory in education. It is a racist curriculum used to teach children that somehow their white skin is not equal to black skin and other things at education.

Mr. DODARO. Yes. No, I do not know that, but I do know that there are provisions that the Federal funds, generally, they are not used—supposed to be used for curriculum. That is a state—

Ms. GREENE. Oh, Mr. Dodaro, I have to tell you in Illinois, they received \$5.1 billion at an elementary school there that used it for equity and diversity, so it is being used for these things. Mr.

Dodaro, can you tell me how much money was given at Drag Queen Story Hour?

Mr. DODARO. I am sorry. Can you repeat that?

Ms. GREENE. Drag Queen Story Time where men dressed up as women and read confusing books to children.

Mr. DODARO. At first, I thought you said, "dry clean," so I am sorry.

Ms. GREENE. It is OK.

Mr. DODARO. No, I don't know the answer to either one of those two.

Ms. GREENE. We need to look into this, and I urge you to do that. Bradbury-Sullivan LGBT Community Center in Pennsylvania received \$16,000 for Drag Queen Story Time from COVID cash. I think this is an issue that needs to be looked into. A lot of this money went to things that should have never gone to.

Mr. LATURNER. The gentlelady's time has expired.

Ms. GREENE. And I thank you so much, and I yield back the remainder of my time.

Mr. LATURNER. The gentlelady's time has expired.

The chair recognizes the gentleman from Pennsylvania, Mr. Perry.

Mr. PERRY. I thank the chairman. Gentlemen, thanks for hanging in there. I know it has been a long day. Listen, I think it is important a couple of things to acknowledge. A lot of these folks that are involved in this, the government took them out of their jobs, told them they couldn't go to work, Federal or state government couldn't run their businesses, and so there are a lot of people that this did a lot of good things for, and we all want to acknowledge that. There was a lot that was unknown.

I don't agree with taking people out of their jobs or not allowing them to run their businesses, but that is another story for another day. The other thing that I just want to make a point is a personal sticking point for me. I don't see unemployment insurance. I see unemployment compensation. There is no insurance about this. There is no actual aeriels, there is no risk assessment to any of this, but that is a sticking point, but it becomes an entitlement for some folks.

But in the interest of unemployment compensation, what I wonder, what I find interesting, among other things, is that according to a combination of estimates, \$560 billion of that Federal COVID relief funding may have been either lost to fraud or paid improperly. And while some of my colleagues on the other side of the aisle condensed that to a percentage of the overall and would kind of have us believe that it is acceptable because it is a small percentage of trillions of dollars, I don't know: \$560 billion. I am from a little town in Pennsylvania. That seems like a lot of money to folks like me. I imagine you feel the same way. This is pursuant to ID ME, 40 percent, that is nearly half of pandemic unemployment assistance funds. That is \$400 billion that did not go to Americans and instead went to criminal gangs in Russia, China, and Nigeria.

Now I am from Pennsylvania, and we have got our own particular problems there, and we can get into that, but a Nigerian crime ring named Scattered Canary was involved in submitting more than 2 million claims. Two million claims from Nigeria. There

is this other one, APT 41, and I know that you have all—mentioned here before—talked about that \$20 million stolen unemployment comp scheme began in mid-2020 and spammed 2000 accounts with more than \$40,000 financial transactions. What in the Sam Hill is going on in our states? But the Federal Government gives the money to the states. They have an unemployment compensation system, so it is already up and running. So, we are just adding some more fuel to them so that they can take care of these people that have been put out of work by their government.

How are foreigners? Like, do these states not see Nigeria, China, or some IP address that be associated with a foreign country and say, huh, I wonder why foreign countries are getting unemployment compensation, or, you know, do they fly back to work in America every day from Nigeria or from China or from Russia? Well, I don't know. Can you make sense of this to, like, a small country boy like me?

Mr. HOROWITZ. I don't think I can make sense of it, but I can tell you that it is one of the problems we have identified along the way, not just in the Unemployment Insurance Program and others that agencies aren't picking up the IP addresses for these applicants because the country was largely shut down. Most of these applications came in electronically, and that is clearly one of the red flags. And something by the way, as we get this data, we are going to be looking at is how many IP addresses were there associated with these various programs that were IP addresses from overseas.

Mr. PERRY. I mean, some of the most egregious ones Washington State, California, New York. I come from Pennsylvania. I have got a whole list here of infractions from the state that I am proud to represent. These unemployment compensation systems have been around for a long time, so this is kind of in the past now or maybe it is still ongoing, maybe it is not at the same level. What assurance can you give me or anybody else here that the states have addressed any of this so that it, like, maybe it is not happening at the same scale, but if it has happened here, it probably continues to happen? What assurance can you give any of us that this has been solved at this point, and why should the Federal Government give one more dime to any of these states that are allowing that? Look, we are looking at a debt ceiling increase. They want \$2.6 trillion. We just talked about \$500 billion just handed out to foreign criminals. What assurance can you give us moving forward that any of this is solved right now?

Mr. HOROWITZ. I am not going to give you any assurance that it is all—

Mr. PERRY. Is zero the right answer?

Mr. HOROWITZ. That is why this hearing is actually important because, among other reasons, but there are fixes that need to happen. GAO has been talking about this for decades, and the Congress has to get involved. The administration has to get involved. The states have to get involved. We have to fix the problem.

Mr. LATURNER. The gentleman's time has expired.

Mr. PERRY. Thank you, gentlemen. I appreciate you.

Mr. LATURNER. The chair recognizes the gentlelady from Ohio, Ms. Brown.



Ms. BROWN. Thank you, Mr. Chair. I would just like to point out that my Republican colleagues are once again demonstrating the extreme lengths they will go to villainize reproductive freedom. Contrary to their allegations, Planned Parenthood health centers that received PPP loans were eligible non-profit recipients consistent with the SBA's rules governing affiliation, status, and size. The Small Business Office of the Inspector General affirmed this conclusion in a September 2022 report that specifically determined Planned Parenthood health centers met PPP loan eligibility requirements. So, I would ask unanimous consent that the SBA OIG report be made part of the record, and I urge my Republican colleagues to cease their baseless draconian attacks against the reproductive freedoms of people once and for all.

And finally, the last point I want to make is just because you disagree with the spending doesn't mean that it is fraudulent, wasteful, or abusive. And with that, I yield back.

Mr. LATURNER. Without objection, it will be entered into the record.

Mr. LATURNER. The gentlelady yields back. The chair recognizes the gentleman from Tennessee, Mr. Burchett.

Mr. BURCHETT. Thank you, Mr. Chairman, and I am not an attorney, and I am not trying to do any "got you," so if you all want to give me just a "yes" or "no," it would be great. All right. Assistant Director Smith, in 2021, NBC reported that between \$90 and \$400 billion pandemic-related unemployment U.S. taxpayers' dollars had been stolen, and half of that was taken by foreign criminals. Is this consistent with what your investigation revealed?

Mr. SMITH. Sir, I can't validate that particular news piece. Which outlet did you say it was from?

Mr. BURCHETT. NBC News. It has been widely reported in other areas, but they were the biggest dog that wagged its tail on that, I guess.

Mr. SMITH. I am not the——

Mr. BURCHETT. OK. Well, the former assistant director of investigation of the Secret Service, Jeremy Sheridan, called this theft, "the largest fraud scheme that I have ever encountered." And I guess what I am getting at is, is that it seems to be it is clear that foreign and maybe some localized organized crime syndicates and other bad actors have perpetrated some crimes against the American taxpayers. Assistant Director Smith, do you agree with Mr. Sheridan or have you ever encountered a larger fraud scheme?

Mr. SMITH. I agree with former Assistant Director Sheridan's sentiments. The magnitude of pandemic-related fraud was what made it unique.

Mr. BURCHETT. Do you think that in your professional capacity or otherwise that maybe some of these funds could be linked to terrorism organizations, that these things would fund them?

Mr. SMITH. Sir, I don't have any direct evidence linking terrorist organizations to pandemic relief funds, but as I mentioned earlier, it is not beyond the realm of possibility of transnational criminal organizations and groups of various sorts.

Mr. BURCHETT. And drugs and human trafficking, all those dirt bags that kind of run together, I guess.

Mr. SMITH. Yes, sir. The group I mentioned earlier, like Black Axe out of Nigeria, they involve themselves in human trafficking, drug trafficking, the full gambit itself.

Mr. BURCHETT. OK.

Mr. SMITH. They are also involved in pandemic-related—

Mr. BURCHETT. All right, and thank you. Comptroller Mr. Dodaro—did I say that name right? I get it.

Mr. DODARO. Pretty close.

Mr. BURCHETT. Pretty close. Well, Burchett, so we can just go to get massacred together. I sent a letter in April 2020 to then Treasury Secretary Mnuchin, raising concerns about economic impact payments going to ineligible foreign nationals. And my Republican colleagues have tried to warn our friends across the aisle that we should not go blindly throwing money at this pandemic without oversight. Unfortunately, I am afraid they didn't listen. Does the GAO have details in the amount of payments that were incorrectly provided to eligible foreign nationals or deceased individuals during the rush to send COVID checks to all corners of the world? I am sure this has sort of been asked earlier, but I have been in and out, so if you would tell me.

Mr. DODARO. No, no, I understand. First on deceased individuals, there is a tax inspector general.

Mr. BURCHETT. Right.

Mr. DODARO. They found \$1.4 billion sent to deceased individuals in the first and second round of the economic incentive payments.

Mr. BURCHETT. Right. Now, would you call that fraud or just mistakes, or just people have died since that had gone on?

Mr. DODARO. It is a mistake.

Mr. BURCHETT. OK. Wow.

Mr. DODARO. It is a mistake. And actually, IRS interpreted it that Congress intended them to do that. So, it wasn't until Treasury stepped in and said that that was inappropriate and we recommended that they try to get that money back, and they did receive about half of it back.

Mr. BURCHETT. OK. Do you agree with the assessment that several experts and some government officials at different levels, they have indicated that there was so much fraud in the COVID relief because of the lack of clear guidance, and that was done by Congress obviously amid the rush to give away taxpayer dollars?

Mr. DODARO. That was a contributing factor, particularly at the PPP level, but I think the main things were self-certification, lack of supporting documentation.

Mr. BURCHETT. Right.

Mr. DODARO. And actually, the CARES Act prohibited the Economic Injury Disaster Loan Program from using tax transcripts to compare against the loans.

Mr. BURCHETT. Wow.

Mr. DODARO. And so, now Congress fixed these things later, but those things affected the Unemployment Insurance Program, too.

Mr. BURCHETT. Right.

Mr. DODARO. Congress gave an incentive for states to waive some of the requirements by giving them additional money to do it.

Mr. BURCHETT. Cow is already out of the barn.

Mr. DODARO. The cow, the pig, the chicken, and—

Mr. BURCHETT. Yes, the whole barnyard. So, because of that lack of clear guidance, have we learned anything? Do we have the proper things in place to stop that from happening again? And I am running out of time. Give me a quick one, Mr. Chairman.

Mr. DODARO. We are starting to move, but it is slow, but much more needs to be done to be better prepared next time.

Mr. BURCHETT. All right. Thank you. Thank you, you all. I know you all probably woke up this morning and thought, wow, I am going to go before Congress. It is going to be great, and now, you are still here, so—

Mr. LATURNER. The gentleman's time has expired. I am going to recognize myself for five minutes.

Although, I served on this committee last Congress, I am excited to bring much needed accountability to Washington for the first time in over two years. My Republican colleagues and I are committed to returning this committee to its proper role of rooting out waste, fraud, and abuse, and mismanagement in the Federal Government, and that commitment starts today.

In the span of one year, Congress passed upwards of \$4.6 trillion in the form of economic stimulus bills and expanded eligibility for Federal relief programs, like unemployment insurance. When communities across America started to recover from the pandemic, Congress continued to saturate states with millions of taxpayer dollars under the guise of COVID-19 relief without the means to distribute it efficiently or safely. A Kansas audit showed that my home state may have made hundreds of millions of dollars in fraudulent payments when state agency systems were overwhelmed by an unprecedented number of claimants. As recently as last September, the Department of Justice charged 47 people with using the Federal Child Nutrition Program in Minnesota to siphon \$250 million. And it is no secret that many states have used these funds to alter school curriculums, give illegal immigrants stimulus checks, and advance green energy initiatives.

Public trust in our government is at an all-time low, and we cannot expect that to change if we continue this poor stewardship of Americans' tax dollars. I think Congress can do better, and I look forward to discussing with our witnesses how to avoid this level of fraud and waste of taxpayer dollars in the future.

Mr. Dodaro, and I will ask the same question of the other two witnesses, your institution is tasked with monitoring administrative agencies and providing recommendations for improvement. Per GAO's website and the testimony we have heard, fraud detection is a difficult task. Can GAO ascribe a monetary cost to conducting fraud detection and retroactive certification of payments? If not, can you describe the potential opportunity cost to the taxpayer of directing agency attention toward auditing massive COVID payments after they are distributed?

Mr. DODARO. It is much more efficient to prevent the fraud from occurring in the first place. That is why we worked with Congress back in 2015 to 2016 to pass the Fraud Reduction and Data Analytics Act to put in place a framework that we develop for best practices on how to prevent fraud in the first place. Much more efficient, much more effective.

Mr. LATURNER. Mr. Horowitz?

Mr. HOROWITZ. Yes, I would say the same thing. We talked about this earlier, about the recovery rate when the money is already gone and you have to chase it down. It is a 10–12 percent rate, I think Mr. Dodaro indicated. Keep in mind, money, for example, that goes overseas takes a long time to try and track that down, if you ever can, and so that is the challenge. There is no better way to eliminate or reduce fraud rates than to detect it and prevent it at the outset.

Mr. LATURNER. Mr. Smith? The winner of the easiest name award on the panel today.

Mr. SMITH. Thank you.

Mr. LATURNER. Yes, it is.

Mr. SMITH. I agree with my colleagues. The Secret Service, prior to the pandemic, is in the business of mitigating financial crimes and fraud. I mentioned earlier that that is in our DNA, if you will. We do advanced work because we know criminals are nonstop in their efforts in trying to defraud Americans, whether before the pandemic or not.

Mr. LATURNER. Let's stay with you. You worked with government entities like the Small Business Administration, the Department of Labor, ahead of the enactment of the pandemic relief funding to explore strategies to address what you describe as a, quote, "a looming wave of potentially fraudulent activity." Drawing from your experience, tracking fraud in Federal relief programs, what could the government have done to better support states and entities in charge of dispersing funds?

Mr. SMITH. What could we have done to support the states?

Mr. LATURNER. Correct.

Mr. SMITH. So, one of the things I mentioned earlier was putting out alerts. So, our Cyber Fraud Task Forces and our Global Investigative Operations Center, which is the hub of all of our task forces, submitted alerts, GIOC alerts, if you will, to 30,000-plus financial institutions and to those partners. What we were doing was sharing indicators of compromise with those entities, such as if an individual was using an IP address that was from an overseas originating point, or if a financial institution saw, if you happen to see an account being opened fairly recently and that account was being used to move a substantial amount of money in a short period of time, that would be something you would flag. So, one of the things we did at the beginning of the pandemic and even prior was sharing information and indicators of compromise that we are seeing not only from other entities, but from criminals themselves, because keep in mind, as a Federal law enforcement entity, we do work with criminals. We have confidential informants, and we get information from the inside, if you will, regarding what tactics are afoot.

Mr. LATURNER. Thank you, and the committee thanks all three of you for being here today and doing a great job answering questions.

At this time, we are going to pause and change out the panels.

[Recess.]

Mr. LATURNER. The committee will come back to order.

For our second panel today, I would like to introduce Ms. Rebecca Dixon, the executive director of the National Employment Law Project. Welcome to the committee.

Please stand and raise your right hand.

Do you swear or affirm that the testimony you are about to give is the truth, the whole truth, and nothing but the truth, so help you God?

Ms. DIXON. Aye.

Mr. LATURNER. Let the record reflect the witness has answered in the affirmative. Thank you.

Without objection, your written statement will be part of the record.

You are now recognized for five minutes for your opening statement.

**STATEMENT OF REBECCA DIXON, EXECUTIVE DIRECTOR OF  
THE NATIONAL EMPLOYMENT LAW PROJECT**

Ms. DIXON. Good afternoon, Chairman Comer, Ranking Member Raskin, and members of the committee. Thank you for the opportunity to testify today. I am Rebecca Dixon, executive director of the National Employment Law Project, a nonprofit research, policy, and capacity-building organization that for more than 50 years has sought to strengthen protections and build power for workers in the U.S., including workers who are unemployed.

We must never lose sight of the terrible hardship that the early days of the COVID-19 pandemic imposed on workers, families, and communities nationwide. By April 2020, 23 million U.S. workers were unemployed. Congress stepped up to pass six bills which created programs that literally saved lives and livelihoods and prevented what could have been a prolonged and devastating economic collapse. This robust policy response helped to make the COVID recession the shortest on record and contributed to an economic recovery that has brought the unemployment rate from a high of 14.7 percent in 2020 to 3.5 percent today. Indeed, according to Moody's Analytics, without these programs, the economy would have succumbed to a double-dip recession. A combination of well-designed social insurance programs drove poverty to the lowest level on record in 2021, cutting the number of poor children by nearly half and keeping over 25 million people out of poverty.

One important piece of the protections enacted by Congress were the pandemic unemployment insurance programs that not only contributed to the historic reductions in poverty in 2020 and 2021, but they also broadly supported recipients' financial stability and overall well-being, filling in the substantial gaps in the Nation's inadequate UI system. UI is particularly effective at getting money into the hands of consumers who need it and who will spend it quickly, and this supports businesses in their communities and stabilizes state economies.

Unfortunately, a decades-long failure to properly invest in the administration of the UI system made it an appealing target for organized crime during the pandemic. Chronically underfunded and understaffed state UI systems operating with antiquated technology were tasked with building and implementing a major new set of Federal programs with little advanced preparation. This re-

sulted in multiple points of vulnerability for criminal enterprises, which have previously stolen the identities of workers during private sector data breaches. They seized upon this pandemic as a time to use those stolen identities to fraudulently obtain UI benefits.

As the temporary Federal pandemic programs had to be built virtually overnight, state agencies were not able to design systems to protect against identity fraud in these programs. As detailed in my written testimony, Department of Labor has had notable recent successes in pioneering national fraud prevention solutions and enlisting state participation. Using funds from the American Rescue Plan, DOL has made substantial investments in strengthening state systems to detect and prevent future identity fraud. DOL Tiger Teams, equity grants, and IT modernization assistance all combine a focus on improving access to UI for eligible workers with resources and expertise to combat fraudulent activity. DOL also offers a wide range of technical and system support for state fraud prevention, detection, and recovery.

State participation in the Integrity Data Hub and the use of its crossmatch systems have increased significantly since the pandemic with more states using DOL's identity verification service, incarceration data exchange, and recently launched bank account verification service that enables states to thwart ID fraud by verifying that a bank account belongs to the worker claiming benefits. Moreover, states can no longer bring in contractors to help run their programs as they were given emergency flexibility to do so during the height of the pandemic. GAO noted that a major cause of increased identity fraud was the insufficient number of state UI staff and the fact that new staff were severely under-trained. Although intended to handle a historic increase in claims, inexperienced and insufficiently trained contract staff, through no fault of their own, both contributed to increased fraudulent activity and created greater obstacles for workers who were seeking benefits.

As for the outdated IT systems used by so many state programs, Congress has provided much-needed increases in Federal funding for UI administration and worker-centered technology modernization over the past two years. Congress must continue making these investments because sophisticated criminal enterprises will continue to seek vulnerabilities in state systems, and state agencies will need to keep pace.

In conclusion, the pandemic relief that Congress enacted combined to provide critical lifeline to workers, families, and communities in the Nation's economy. I hope that this committee will recognize the tremendous value of COVID relief programs and work together to find meaningful solutions to the ever-evolving problem of identity fraud that has undermined their effectiveness. Thank you.

Mr. LATURNER. Thank you, Ms. Dixon. The chair recognizes the gentlelady from Ohio, Ms. Brown.

Ms. BROWN. Thank you, Mr. Chair. Since this is our first committee hearing of this Congress, I want to express my hope that this committee will, on a bipartisan basis, find ways to strengthen Federal programs and serve everyday working people. I truly want

to work with my colleagues on both sides of the aisle to make life better for all our constituents, including mine back home in Ohio.

In that spirit, I want to share some real-life stories of people in Ohio who have benefited from some of the lifesaving pandemic relief programs we are discussing today. Here is an example. Tiffany from Northeast Ohio said, and I quote, "I was laid off on March 13, 2020. Even though it took a month to begin receiving my unemployment benefits, I am so thankful for them. Without them, my family of four wouldn't have anything at all coming in. The extra Federal money per week enabled me to pay my bills and helped me to provide for my children in such a traumatic situation." Tiffany's testimony is just one example among millions in all our districts, urban or rural, dense or sparse, rich or poor, for whom this Federal assistance made all the difference.

Ms. Dixon, how did COVID-19 relief legislation, such as the bipartisan CARES Act and the American Rescue Plan, save American families from disaster?

Ms. DIXON. So, one thing we know is that the economy is 70 percent consumer spending. Consumer spending drives our economy, and with 23 million workers out of work, there would have been an enormous contraction of spending, which would have then sent us into a double-dip recession. It also prevented hunger and homelessness and really allowed families to focus on caregiving for their sick family members. And it was just really a lifeline, a critical, important way that Congress came through for working families.

Ms. BROWN. Thank you very much. So, it is clear to me that the Biden administration and Congress took decisive action to provide relief for the American people. The critical and much-needed investments in health and economic programs are helping the country recover and bounce back from the worst pandemic in recent memory, so let us not forget that, and we are continuing to emerge stronger than ever. And with that, Mr. Chairman, I yield back the balance of my time.

Mr. LATURNER. The gentlelady yields back. The chair recognizes the gentlelady from Vermont, Ms. Balint.

Ms. BALINT. Thank you, Mr. Chair. First of all, thank you for being here. I really appreciate it. As you know, Ms. Dixon, in March and April 2020, we experienced really an unprecedented economic shock. Twenty-two million people lost their jobs, millions of people suddenly found themselves without an income, and in April in 2020, when I was a leader in the Vermont Senate, we saw Vermont's seasonally adjusted unemployment rate go up to 15.6 percent, which was up 12 percent from the year before. So, thankfully, Congress stepped in and helped us to expand the unemployment insurance. And as you said and as others have said, it was an absolute lifeline for families and individuals.

So, my question is, without unemployment insurance programs, how would individuals and families be able to respond to such an economic crisis? Like, what happens without these kinds of funds to allow individuals and families to stay afloat?

Ms. DIXON. It is not necessarily well-known, but the unemployment insurance is the first line of defense against poverty and homelessness. It is the only universal cash program that we have that provides cash to working families when they lose a job. There

is nothing else. And what we saw in the Great Recession, when folks were exhausting their benefits, is the other program that they turned to was the SNAP program, and there really was nothing else. And so, it just can't be stressed enough how critical this program is to making sure that families can maintain while they search for work.

Ms. BALINT. I really appreciate that distinction, and I think we can't overstress it. I know for me, having worked directly with individuals and families, thousands of Vermonters, that is exactly what I was hearing from my own constituents. So, when we think about unemployment insurance programs and how they assist workers in job searches, do job searches change when an individual is benefiting from an unemployment insurance benefit?

Ms. DIXON. The benefit has many important qualities. One is that it allows workers to actually match with jobs that match their skills so they are not trying to take the first possible thing that is offered to them, which is not good for the economy because those folks' skills are being unused. So, it does give them the breathing room to find a good match that is going to be close to the salary that they were receiving before they lost their job.

Ms. BALINT. And I would assume that not only would those skills go unused, but when you have a worker who is mismatched, they are much less likely to stay in that job, so exacerbating this cycle of turnover, which we know is not good for employers, it is not good for employees or families. And is that the case? Do we see that there is a connection there with job churn?

Ms. DIXON. There absolutely is, and we have heard employers loud and clear, particularly in some of the industries that were hardest hit in the pandemic, the service industry, the restaurant industry, where workers have actually left those industries entirely to go to other industries because better conditions and better pay. And so, if a worker takes a job, we want them to actually be able to stay in that job, advance in that job. So, it is important to them and their families, just as it is important to employers to have stability in the role that they are in.

Ms. BALINT. Thank you. Just one more question. From your perspective, from your experience, and your research, and the work that you do in your position, why do you think we need to continue to invest in and modernize state unemployment insurance systems, because we heard in the earlier testimony how there was a breakdown there. So, we would love to hear from you, from your perspective, why that is so important.

Ms. DIXON. So, about a decade ago, I did a report that was a deep dive on unemployment insurance administration and the impact on being able to pay benefits, and what I found then was that the average UI benefits IT system was 26 years old. That was 10 years ago, and at the time, the oldest one was 46 years old. And so, it is critical for us to invest, to actually put the money in. So, usually when there is a crisis like this pandemic, there is investment in unemployment, there is investment in the IT systems, there is investment in administration, but then as soon as the economy recovers, we take our foot off the gas, and we really need to keep our foot on the gas for this program. We need to actually make the changes that are needed so that these systems function



correctly all the time, whether it is one family who is suffering unemployment or it is millions of people suffering unemployment.

Ms. BALINT. Thank you so much. I yield back.

Mr. LATURNER. The gentlelady's time has expired. The chair recognizes the gentlelady from Missouri, Ms. Bush.

Ms. BUSH. Thank you. St. Louis and I are here in support of a government that ensures no one lives in poverty. During March and April 2020, the U.S. economy lost more than 22 million jobs. Our unemployment rate jumped from 3.5 percent in January 2020 to a pandemic peak unemployment rate of 14.7 percent in April 2020. St. Louis families and families all across the country were in need of emergency assistance during those uncertain times.

One such story shared by the National Employment Law Project comes from my constituent, Deshauna, a single mother from St. Louis. She said, "If it wasn't for unemployment, I would have been put out of my apartment. Thank God for the help. I am still trying to get myself out of debt, but the pandemic unemployment gives me and my son a little security. I am a single parent getting no help from the other parent, plus losing my job, so it has definitely been a blessing."

The CARES Act created a temporary unemployment insurance program called the Pandemic Unemployment Assistance, or the PUA. In 2020, President Biden signed the American Rescue Plan into law, which extended PUA and other temporary unemployment insurance benefits. The PUA unlocked unemployment insurance benefits to workers and to families who were otherwise excluded from regular UI programs. This program was the difference between a full dinner table and an empty one for a number of families. Ms. Dixon, who benefited the most from these programs, and can you tell us why? And thank you for being here.

Ms. DIXON. So, the unemployment insurance program was created 80-plus years ago, and it has not been substantially modernized, and it was created on a structurally racist foundation that was aimed at white male breadwinners. And so, if that is the foundation. That is who mostly benefits from unemployment insurance, and so that means women workers, folks who work part time. It means people who work in restaurants and service jobs where their wages are low, they often are just entirely left out of the program, and most workers who are in gig jobs are also excluded from the program.

So, as the work force has changed over time, many workers have been left on the sidelines, and particularly, this impacts women and workers of color. And so, adding this program actually invited them into the program, some for the first time in their working lives.

Ms. BUSH. Thank you. In August 2020, the Department of Labor announced that it would distribute up to \$260 million in grants to states to address disparities in the service delivery and administration of state unemployment insurance systems and promote equitable access to benefits. Ms. Dixon, how have the Department of Labor's equity grants impacted local communities across our country?

Ms. DIXON. One of the most critical things to understand when folks are doing this work in the states, they want to pay benefits,

so they are not standing in the way. They are actually working really hard when they are understaffed and, you know, underinvested in. And one of the things that the Equity Grant Program has helped is for those folks to understand what the impacts are of the way the program is designed, so that it is not necessarily the individuals and the actions that they are taking, but it is the system and how they need to change what they do to help offset the inequities in the system. And that has been a really critical piece for states to take to heart as they are working to serve unemployed workers.

Ms. BUSH. Thank you. Sadly, Republicans are so focused on cutting programs that benefit regular everyday people, that it is impossible to take their criticisms of these programs seriously. We need to ensure funds are being used properly and then expand these programs and expand them permanently. Democrats will continue to lead with bold legislation that tackles our Nation's crises while advancing equity and equal opportunity. Thank you, and I yield back.

Mr. LATURNER. The gentlelady yields back. The chair recognizes the gentlelady from Pennsylvania, Ms. Lee.

Ms. LEE. Thank you, Chairman, and thank you so much, Ms. Dixon, for your testimony. On the last panel, I discussed and we discussed my time at the state legislature in Pennsylvania where we heard intimate struggles of Americans that they faced throughout the pandemic. They often had to choose whether to pay their rent or their childcare, as we know. And we also know that these conditions are unacceptable. Ms. Dixon, I understand all states approach unemployment differently. Based on your research, is there an ideal state system we could learn from here in Congress?

Ms. DIXON. So, rather than an ideal state system, the thing that Congress could do is create a universal baseline that is Federal standards that every state has to meet. Right now, depending on the state that you happen to be unemployed in, you may receive a benefit as low as \$235 a week as the maximum, or you may receive eligibility for as low as 12 weeks of payment as opposed to 26 weeks in other states. And so, that doesn't make any sense that we would have this patchwork of programs if we really want to make sure and we are serious about coming through for unemployed workers when they need us the most.

And so, having a baseline of standards where there is a minimum 26 weeks that all states have to pay, where there is a minimum dollar amount that fits what the state's economy is, that there is a minimum set of eligibility standards that fits all workers. We need that, and we need that crucially. We also need an extended benefits program that turns on automatically and just triggers on when there is a crisis so that workers are not waiting for congressional action, but they can rely on their programs to just spring into action.

Ms. LEE. Thank you. We talked about how some of the different workers or different people benefited more from some of these programs. Could you elaborate on the disparate impact the pandemic had on communities of color that you shared in your testimony?

Ms. DIXON. Yes. So, our labor market is very stratified, and by "stratified," I mean that women make up the largest portion of low-

wage workers and people of color also, and those jobs were actually really hit hard in this pandemic. And so, those folks lost their jobs, but because of history, they also don't have wealth accumulated in savings. And so, the fact that Congress took action so quickly and was able to get the money out the door, it meant a lot to folks who did not have savings to rely on and for whom this program made the difference between being able to pay rent and stay in their homes.

Ms. LEE. Thank you. Last, where would we have been without these programs? In other words, what would have happened to the millions of individuals who relied on these programs during the pandemic without them?

Ms. DIXON. We would have had incredible child poverty, and a tsunami of evictions, and many other ills that we were able to avoid, and that was really great for children, for families and communities. And Congress really came through for working people in this program, and it is something that we will feel the positive effects of for generations. When families are in poverty, it is very hard on children. It is hard on the mental health of parents if they don't have income. And so, there is a payoff beyond just the actual monetary amount that happens in families that we will be reaping the benefits for generations to come.

Ms. LEE. Thank you for your testimony and for your answers. With that, I yield back.

Mr. LATURNER. The gentlelady yields back. The chair recognizes Mr. Goldman from New York.

Mr. GOLDMAN. Thank you very much, Mr. Chairman, and thank you, Ms. Dixon, for being here with us today. I am from New York. New York State experienced its first COVID-19 case on March 1, 2020, and I actually got COVID myself on March 10, very early on. New York was at the epicenter of the pandemic at the beginning, and more than 78,000 New Yorkers have died as a result of COVID. As families in New York endured record unemployment throughout the pandemic, the unemployment insurance system became a lifeline to nearly 5 million New Yorkers. In my district, organizations like the Chinese-American Planning Council connected at least 740 households with unemployment insurance, nearly 2,000 families with housing assistance. And more than 1,300 people who were excluded from Federal relief programs got aid through New York City's innovative Immigrant Emergency Relief Program, and that is just one outstanding organization of many.

When COVID surged and 22 million people lost their job, it fell to our unemployment insurance system to take on the immense volume of new claims. New York's Department of Labor distributed more than \$105 billion, which is the equivalent of 50 years' worth of benefits in the two years from the start of the pandemic. But obviously, this new influx of benefits opened itself up to fraud, especially through identity theft online, which I know you have spoken about. The New York State Department of Labor has recommended that Congress provide sustained investments and additional resources to help states combat the ever-evolving threat of cyber fraud.

And, Ms. Dixon, I am curious what you think Congress should do to assist states, separate from the sort of Federal baseline that

you talked about. Where would our resources be most effective in assisting states to modernize and upgrade its unemployment insurance systems?

Ms. DIXON. I am echoing folks from the first panel. The information technology investments are critical. We have a decentralized system. There are 53 different unemployment insurance programs, and so there are 53 opportunities for criminal fraud rings to attack the system. And so, really being able to invest in those systems, to harden those systems, to make sure that those offices are staffed. And one other really critical thing that Congress could do is create a program like the Extended Benefit Program that actually can be pre-programmed and already have the fraud measures built into it so that when there is a crisis, it just triggers on, and states are ready, and they are not rushing to program a different program each time that there is a crisis.

Mr. GOLDMAN. Thank you. One of the most, I think, productive and effective measures that Congress passed was the child tax credit, and I would love for you to talk a little bit about the success of the child tax credit and why it was so successful at reducing child poverty.

Ms. DIXON. So, one piece of it was that money actually went into families' bank accounts, and they did not have to wait until they filed their taxes to get this money. And so, when you add that money together with the unemployment insurance payments, you have families actually getting cash to meet their needs at a critical time. And we see that in the reduction of poverty, like what the huge impact that was to families and children all over the United States.

Mr. GOLDMAN. And you are drawing a distinction between the earned income tax credit, which comes when you are paying your taxes, as opposed to cash direct deposited or sent to you by check in that moment. Is that what you are saying?

Ms. DIXON. No. So, the child tax credit is also generally not paid on a monthly basis the way it was in this instance. So, it generally is something that either folks are changing their tax withholding to account for, or they are waiting until they file their taxes to get it. So, what was really revolutionary was actually giving the cash, putting the cash in families' bank accounts.

Mr. GOLDMAN. And in my final seconds, can you talk especially about how important that child tax credit was to underserved communities and people of color in particular?

Ms. DIXON. Well, we know that those families are the ones who are hit the hardest in this pandemic, but they are also sort of chronically hit the hardest because they are in the lowest-paying jobs. And so, to make sure that children actually have their needs met, this was critical, and it was critical. It would have been critical at any time, but it was especially critical during this pandemic, and it would be great if Congress could figure out how to reinstate it because the impact was just phenomenal for families.

Mr. GOLDMAN. Thank you, and I yield back.

Mr. LATURNER. The gentleman's time has expired. The chair recognizes the gentlelady from New York, Ms. Ocasio-Cortez.

Ms. OCASIO-CORTEZ. Thank you, Mr. Chair. It can be difficult to remember given all that has happened in the last three years, but

I would like us to envision ourselves back in those first few months of the pandemic in the spring of 2020. In March and April 2020 alone, the economy lost more than 22 million jobs, and the unemployment rate skyrocketed to 14.7 percent. Jobs in sectors that are absolutely essential to the American economy were threatened. But after the CARES Act, states were able to put in place expanded unemployment insurance programs to assist workers who had lost their jobs, and Census data shows that these expanded benefits kept approximately 5.5 million people out of poverty in 2020.

Ms. Dixon, I am curious about, from your vantage point, how expanded unemployment insurance played out as such a vital lifeline for workers as well as states during the pandemic.

Ms. DIXON. So, one of the reasons that Congress put in place these programs is because the unemployment insurance program in the states is inadequate, inadequate in who it covers, inadequate in how much the weekly benefit amount is. And so, when Congress added \$600 a week and then \$300, that was amazing, especially in states where the national average benefit is only \$300 a week. And so, this made it possible for folks to stay in their homes. They didn't have to choose between food and gas in their cars. It was critical, and I think that part of what we have to do is learn from the successes.

So, we have talked a lot about instances where there was identity theft and fraud, but we haven't talked about the amazing number of folks who got UI for the first time and what it meant for them and their ability to stay attached to the work force. And so, I think we really have to mine the data on the good pieces and figure out what we can carry forward and what Congress can do to actually carry those pieces forward as a minimum standard for states to implement.

Ms. OCASIO-CORTEZ. Absolutely. Thank you for that information because, you know, for so much in this hearing, there is a constant focus not just on the notion of the pandemic response being fraudulent or wasteful, but it seems as though a particular fixation on the unemployment program, which, as you stated, if it weren't for the Federal unemployment supplemental program, families would have been potentially enduring months of unemployment and having to just scrounge by on as little as \$300 a week. And especially when it comes to skyrocketing costs of housing, would it be also in your assessment that this could have also potentially, without that Federal response, dramatically expanded the amount of housing insecurity and people who may even be struggling with homelessness if it weren't for that supplemental?

Ms. DIXON. It absolutely did because even though there were also things that Congress created that were housing supplements and assistance, it did take a while to get out, and the UI program is the quickest way to get money into the pockets of workers. And so, this really did have a critical influence on being able to stay in homes and for folks to be able to pay their rent. And, you know, there was an eviction moratorium, but it also means that they are not sitting there with \$10,000 of back rent that they can never pay. So, you know, it kept them going in a way that made sure that they weren't incurring debt to actually try to just do their basic living expenses.

Ms. OCASIO-CORTEZ. Absolutely, and despite the United States experiencing the worst job losses since the Great Depression during that early COVID period, the COVID-19 recession was also the shortest on record. But to expand on this point that you are making, how did these pandemic relief programs, particularly unemployment insurance, help stabilize the economy even from a more macro perspective?

Ms. DIXON. So, because so much of our economy is based on consumer spending, that is the first thing that families cut back on, and so we know it is kind of like a, it is an unvirtuous cycle. So, there is an economic downturn, there is a contraction, and it just gets worse and worse. And so, the UI program actually did what it was designed to do, which was to stabilize the economy, to stabilize communities and state economies, and to prevent that downward spiral, and to prevent a double-dip recession, which we had some experience with a pretty terrible recession not that long ago. And so, just being able to get through this pandemic without that protracted recession and also without that protracted high unemployment rate.

Ms. OCASIO-CORTEZ. So thank you, and I yield back to the chair.

Mr. LATURNER. The gentlelady yields back. The chair recognizes the distinguished ranking member, Mr. Raskin.

Mr. RASKIN. Thank you kindly, Mr. Chairman. Ms. Dixon, welcome. I have got a question that is triggered by something that you said, which is, well, why did our unemployment insurance system grow up in such a way that it is decentralized in the 50 states rather than being one national program because it seems like the problems are just legion with doing it that way.

Ms. DIXON. So, the reason is because the Southern planter class in the 1930's would not have approved a program of that nature. There were actually proposals to make it a universal program, to make it paid for out of general fund dollars, and those were not adopted because the Southern states did not want people of color, black people in particular, to have access to this program. They wanted the control to be able to decide who qualifies and who does not.

Mr. RASKIN. I mean, to my mind, it is almost like having 50 different Social Security programs or 50 different Medicare programs, right? And we have just been through a period where we have seen the brokenness of a system that is that decentralized. So well, thank you for clarifying that for me. The bottom line here is that expanded unemployment insurance, even with these dysfunctional antiquated state systems, allowed millions of people to fill in financial gaps in their lives at a time of unprecedented difficulty and loss. Would you share a few examples with us of how expanded unemployment insurance benefited the people that you work with?

Ms. DIXON. So, though we don't directly represent workers, I do get emails from workers who don't know that, and often I can refer them to legal representation. But it is very, very satisfying when the email that you get from a worker is about how grateful they are, that this program is in place, that this program got extended, and that they are able to focus on their family and their livelihood. And so, getting those kinds of emails from workers, it really does

fill my soul and makes me want to show up every day to do this job.

And so, workers were really organizing around these benefits. They were active, they were engaged, and it has been critical and phenomenal that they had these benefits to cover their basic needs in this, like, you know, once-in-a-century crisis.

Mr. RASKIN. Got you. Is there anything else you would like to tell us before you go?

Ms. DIXON. Don't take your foot off the gas in supporting UI administrative funding and providing support for upgrading IT systems and all of the things. On behalf of working people, really grateful for the way that Congress came through, and just hope that you all, with what you have heard today from me and from the other panel, will take seriously the need to invest in the infrastructure of this program so that it can function well without Congress having to step in when there is a crisis or just when there is a personal crisis for a family.

Mr. RASKIN. Thank you for your wonderful testimony and for your commitment to the cause. And, Mr. Chairman, I will yield back to you.

Mr. LATURNER. The gentleman yields back. Before we adjourn this hearing, I would like to introduce our five subcommittee chairs on behalf of Chairman Comer. Congresswoman Nancy Mace will chair the Subcommittee on Cybersecurity Information Technology and Government Innovation, Congressman Pat Fallon will chair the Subcommittee on Economic Growth, Energy Policy, and Regulatory Affairs, Congressman Pete Sessions will chair the Subcommittee on Government Operations and the Federal Workforce, Congresswoman Lisa McClain will chair the Subcommittee on Health Care and Financial Services, and Congressman Glenn Grothman will chair the Subcommittee on National Security, the Border, and Foreign Affairs.

I yield to the ranking member for introduction of his subcommittee ranking members.

Mr. RASKIN. Well, thank you very much. Mr. Connolly will be our ranking member on the Subcommittee on Cybersecurity, IT, and Government Innovation, Ms. Bush will be our ranking member on Subcommittee on Economic Growth, Energy Policy, and Regulatory Affairs, Mr. Mfume will be the ranking member on Government Operations and the Workforce, Mr. Krishnamoorthi will be the ranking member on the Subcommittee on Health Care and Financial Services, and Ms. Porter will be ranking member on National Security, the Border, and Foreign Affairs.

Mr. LATURNER. I ask unanimous consent that the resolution naming the five subcommittee chairs and the five ranking members is approved.

In closing, I want to thank our panelists once again for their important and insightful testimony today. I also want to thank my colleagues for participating in our first oversight hearing of the 118th Congress, an oversight hearing that goes to the very heart of this committee's jurisdiction, protecting taxpayer dollars from fraud, waste, and abuse.

With that and without objection, all members will have five legislative days within which to submit extraneous materials and to

submit additional written questions for the witnesses to the chair,  
which will be forwarded to the witnesses for their response.

Mr. LATURNER. With that, our hearing is adjourned.

[Whereupon, at 3:52 p.m., the committee was adjourned.]

