



FROM THE DEPARTMENT OF PEOPLE WHO WORK FOR A LIVING

Statement to the Subcommittee on Delivering Government Efficiency for your hearing on “The War on Waste: Stamping Out Improper Payments and Fraud”

February 12, 2025

The Department of People who Work for a Living is writing to provide you with important ideas for this first-ever hearing of the Subcommittee on Delivering Government Efficiency. It occurred to us that your subcommittee might benefit from the views of actual working people, especially if your agenda is otherwise driven by a billionaire. We hope that you will take this testimony into serious consideration.

According to press reports, your subcommittee was formed to work with the Department of Government Efficiency (DOGE) – a supposedly “outside agency” headed by one person, Elon Musk, who is the richest man alive and someone with massive financial interests in our government. While his move to the United States was funded by his father’s emerald business,¹ his reported \$326 billion in wealth was funded in big part by all of us taxpayers and supported by helpful government policy. Tesla, for example, was propped up by \$11 billion in regulatory credits and \$3.4 billion in EV tax credits.² SpaceX has received \$20 billion in government contracts and stands to profit handsomely from various project approvals made by NASA or decisions made by other agencies.³ His social media company X leans heavily on Section 230 of the Communications Decency Act to shield itself from liability for things like terror attacks inspired by posts on that platform from ISIS.⁴ While Musk thrives on taxpayer largesse and government protection, he manages to avoid the taxes that the rest of us pay, not forking over any federal income taxes at all in 2018 and for four years paying an effective rate of just 3.27 percent.⁵ Likewise, in 2024, Tesla made \$2 billion of U.S. income and reported zero federal income tax.⁶ Given that his day-to-day life and business interests are so far afield from how the average American lives and works and interacts with the government, it seems odd to us to give

¹ <https://futurism.com/elon-musk-dad-emerald-mine>

² <https://www.cnn.com/2024/11/20/business/elon-musk-wealth-government-help/index.html>

³ <https://www.cnn.com/2024/11/20/business/elon-musk-wealth-government-help/index.html>

⁴ <https://www.cnn.com/2023/05/18/politics/supreme-court-twitter-google-social-media/index.html>

⁵ <https://www.propublica.org/article/the-secret-irs-files-trove-of-never-before-seen-records-reveal-how-the-wealthiest-avoid-income-tax>

⁶ <https://itep.org/tesla-reported-zero-federal-income-tax-in-2024/>

such outsized weight to his views on how to reform government. Elon Musk is only one of 354 million Americans and lives very differently from the rest of us. Nevertheless, this unelected and unconfirmed agency head with no experience in public service and without proper security clearance has been granted unprecedented access to confidential data across a variety of actual governmental departments; an entire DOGE caucus has formed to promote his agenda; and, of course, this very subcommittee has been established to entertain his ideas.

Working people want the government to work efficiently and effectively – to provide for common goods like roads, clean air, education, and retirement security. DOGE is not designed to do that. Instead, Musk and his team have been rifling through Americans' private information at the Department of Treasury, the Office of Personnel Management, and other agencies. Musk has shut down an entire congressionally authorized agency, USAID, declaring it "criminal" and putting the jobs of U.S. farmers, seafarers, aid workers, and, not to mention, our long-term national security at risk.

We did not elect Elon Musk to any office. The Senate has not confirmed him for any post. Yet he is running the executive branch. And this subcommittee's very creation suggests he should personally drive a legislative agenda. But, while Elon Musk may now have our Social Security numbers, home addresses, birthdates, health status, and children's names, he does not have a monopoly on policy ideas. If it takes a faux-governmental Department to get the Congress's attention, then so be it. The Department of People who Work for a Living is going to make sure policymakers hear from working people on how to make the government more efficient and effective – for hardworking taxpayers, not Elon Musk. We hope, for the sake of representative democracy over oligarchy, you will entertain working people's views as much as Musk's tweets get entertained.

We understand today's hearing is about fraud and improper payments in certain programs selected by the chair for examination, like pandemic unemployment benefits and Medicaid.

There are two groups of people who benefit from fraud and improper payments: the fraudsters themselves and those who use the fraud as an excuse to achieve their own ideological goal of shrinking or eliminating the underlying program, no matter how many people would be harmed.

We want fraud and improper payments eliminated. We also need critical programs like unemployment benefits and Medicaid strengthened, not shrunk or made ineffective or harder to access for those who need them. We understand Elon Musk does not need these programs, but millions of us regular people do.

Here are some of our ideas on how to be more efficient and effective with respect to today's hearing topics:

1. **Get Elon Musk out of our private information.** Most of the fraud against the unemployment insurance program during the pandemic was perpetrated by international

crime rings.⁷ To create fraudulent UI applications, criminals overseas bought working peoples' personally identifying information on the dark web. That information was available thanks in part to major IT security breaches at firms like Equifax. So the pandemic UI fraud story starts with private corporations' failure to protect our personal information. It is therefore galling that, over the past couple weeks, Congress has sat frozen while Elon Musk and his DOGE engineers have obtained access to some of the most extensive and sensitive data on working people, without proper background checks or security clearances. God knows what they are downloading, where they are putting it, or what security weaknesses they are creating by playing with these systems. The next big fraud ring may very well be traced to this utter failure in oversight, and it has been underway as we speak. Here's an idea to protect us against security breaches and fraud: Order the DOGE out of our personal information and all government computer systems.

2. **Treat workers right.** The people on the front lines detecting fraudulent UI applications should be trained professionals. So don't cut corners by using untrained or poorly trained non-merit staff to do this work. Congress insisted during the COVID-19 pandemic on allowing states to outsource unemployment benefits processing to private contractors rather than merit-based public servants, and the fraud that this hearing is concerned with only benefited from this shortsightedness. Like with everything, if you aim to do things the cheapest way possible without investing in people, you end up paying for it. Now, while unemployment is low, is the time to staff up these offices with well-trained merit staff. Otherwise, we'll be repeating the mistakes of the past, scrambling to scale up when the next recession hits.
3. **Reinstate the investigators who were doing their jobs.** The people investigating the fraud and triggering prosecutions have been the inspectors general of the affected agencies. The Department of Labor inspector general helped get indictments of a ring of alleged UI fraudsters in Maryland. The Small Business Administration inspector general blew the whistle in a report that 17% of the SBA pandemic loans may have gone to scammers. The Department of Health and Human Services inspector general oversees wide-ranging Medicaid Fraud Control Unit efforts to investigate and pursue criminal and civil actions against Medicaid fraud. Where are these inspectors general now? President Trump fired each of these watchdogs his first week in office, a strange thing to prioritize over, say, tackling the cost of eggs. Many of the crimes committed against these programs are subject to five-year statutes of limitations. In other words, time is of the essence, so anti-fraud efforts should not be disrupted by abrupt and unlawful firings of lead investigators. Tell President Trump to reinstate these inspectors general immediately and let them continue their work.
4. **Support state agencies.** The fight against fraud and improper payments is one of those areas where you have to spend a little money to save a lot of money. In addition to

⁷<https://www.nbcnews.com/news/us-news/easy-money-how-international-scam-artists-pulled-epic-theft-co-vid-n1276789>

supporting staffing, Congress should provide ongoing financial support to help state unemployment systems keep their technology up to date.

5. **Make UI easier for workers to navigate and enough for workers to get by on.**

Application forms for UI benefits should not be as complex and confusing as they often are. The forms should be in plain language. Plain language not only helps workers complete the forms but helps avoid mistakes that can lead to improper payments. The online application systems should be user friendly. For example, when workers are forced to fill out these forms online, there are systems out there that quickly time out without any auto save while they're scrambling to find paperwork needed for one of the prompts, and some systems don't allow a worker to go back to a prior screen. Fixing these and many other needless and frustrating experiences for already stressed and newly unemployed working people would make government more effective and more efficient for all. So would increasing the wage replacement levels that UI is supposed to provide. Some workers are forced to get by on as little as \$174 per week in UI benefits. That's not enough to survive. A major purpose of UI, paid for by payroll taxes, is to support the unemployed while they look for another job. Benefits for the lowest paid workers should provide the highest wage replacement. One proposal, for example, is to increase the wage replacement amount to at least 85 percent of low-income workers' wages, and use a sliding scale of percentages for higher paid workers.

6. **Do not weaken Medicaid.** Do not use fraud committed against this critical health care program as an excuse to weaken it. Working people rely upon it. It is the single largest funder of long-term care in our country – paying for nearly 50% of all nursing home costs. Neither poor nor middle class families could afford long-term care without Medicaid. Less Medicaid money would mean less staff and fewer resources for our family members – putting many at risk of neglect. Establishing block grants with per capita caps and reducing the floor on the federal contribution would devastate state budgets. Repealing the nursing home staffing regulations, which some have proposed, would cost this country approximately 130,000 easily avoidable deaths; it would also mean that hundreds of thousands of nursing home workers are more likely to be injured on the job.

7. **Tackle for-profit providers who obscure their profits and bilk taxpayers.** According to one recent study, for-profit nursing homes hide as much as two-thirds of their annual profits by making inflated payments for goods and services to commonly-owned related parties.⁸ Nursing homes submit cost reports for each facility – masking profits made at the corporate level. By obscuring profitability by as much as \$11 billion a year, nursing homes are able to persuade both state and federal regulators to increase reimbursement rates. The Center for Medicare and Medicaid Services has the power to stop this fraudulent practice by requiring nursing homes to submit consolidated cost reports that reveal ownership of related parties and overall profitability.

⁸ https://www.nber.org/system/files/working_papers/w32258/w32258.pdf

Thank you for the opportunity to submit this testimony.

The [DPWL](#) is a project of the American Federation of Labor and Congress of Industrial Organizations, a federation of 63 unions representing 15 million hardworking taxpayers across this country.