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DOGE's big illusion: the heavy costs of the Trump administration's so-called efficiency

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On the first day of his second term, President Trump signed an executive order to establish the Department of Government Efficiency (DOGE)—which he immediately set loose to cut billions of dollars of critical programs without regard for the devastating and chaotic impact that those sudden cuts may have on Americans' wellbeing. CREW's review of some of the programs targeted for cuts by DOGE and the Trump administration found that the elimination or reduction of these government agencies have directly cost over 50,000 people their jobs. DOGE's cuts at these select agencies and programs could result in a loss of over $10 billion in U.S.-based economic activity and the shuttering of programs that have put over $26 billion in funds directly back into the pockets of taxpayers. Moreover, many of these affected programs have both economic and less quantifiable social benefits.

Some of the very programs that President Trump, DOGE and their congressional allies seek to dismantle are designed to protect consumers from fraud, eliminate waste in government and prevent abuses of taxpayer resources, potentially laying the groundwork for bad actors to manipulate government resources and contracting efforts to their financial benefit in the absence of these safeguards. At the same time, President Trump has hindered or halted the work of non-partisan offices of Inspector General (OIG), whose job is to conduct audits, investigations and enforcement actions to safeguard taxpayer money and ensure that each agency is operating efficiently and effectively. Below, the economic and societal costs of these cuts at a few key agencies including the Consumer Financial Protection Bureau, National Institutes of Health and U.S. Agency for International Development are outlined.

Consumer Financial Protection Bureau

- *DOGE effectively shuttered an agency which returned over $26 billion to the American people since 2011, but only cost taxpayers a fraction of that amount to run.*
- *1,480 bureau employees have been cut, including those who have been fired or placed on administrative leave.*

The Consumer Financial Protection Bureau (CFPB) was founded in the aftermath of the 2007-2008 financial crisis to protect consumers from abusive or deceptive financial practices and ensure financial markets are fair, transparent and competitive. The Trump administration, however, has essentially shut down the agency, telling employees to stop working. In total, 1,480 staff have been cut, including those who have been fired or placed on administrative leave pending the outcome of court cases regarding their permanent removal. And the agency has dropped consumer protection cases against major companies. The CFPB has even sought to take money it won on behalf of taxpayers in a racial discrimination case initiated under Trump's first-term CFPB director and return that money to the offending company.

Since 2011, the CFPB received $7.3 billion in funding from the Federal Reserve. With those federal funds, the CFPB recovered more than $21 billion for taxpayers as a result of their enforcement and consumer protection actions, and accumulated $5 billion in civil penalties, which went into their dedicated victims relief fund. In total, this represents a more than 3-to-1 return on investment.

Medical Research

- *The administration announced $4 billion in funding cuts to NIH funded medical research.*
- *DOGE cut roughly 20,000 positions at the Department of Health and Human Services.*
- *We calculate DOGE's cuts could amount to an estimated $10 billion loss in economic activity, and a loss of approximately 44,000 jobs a year.*

On February 7, 2025, the Trump administration and National Institutes of Health (NIH) announced plans for $4 billion in funding cuts to medical research. This funding was intended to go to universities, hospitals and research institutes around the country, some of which is dedicated to tackling diseases like cancer, diabetes and cardiovascular conditions like heart failure. Another round of cuts reported in late March 2025 included the firing of at least 10,000 employees of the Department of Health and Human Services (HHS), of which NIH is a component. To date, roughly 20,000 employees at HHS have had their jobs cut, or accepted buyouts.

There has been bipartisan recognition of the importance of medical research funding. Republican Senator Susan Collins of Maine objected to the cuts, calling them "poorly conceived," and stating strongly that "there is no investment that pays greater dividends to American families than our investment in biomedical research." Democratic Senator Patty Murray also warned that the funding cuts would be "nothing short of catastrophic for so much of the lifesaving research patients and families are counting on."

Studies have found that the large-scale economic impact of NIH awards for medical research amounts to a more than 2.5-to-1 return on investment, generating $94.58 billion in new economic activity in FY2024. According to one analysis, these billions of dollars supported over 407,000 jobs spread across public and private universities and other entities in every state in the country. In fiscal year 2025, NIH has an annual budget of $48.5 billion. Using available data, we calculate that if the $4 billion DOGE cuts to NIH awards are carried out, they could amount to an estimated loss of over $10 billion in economic activity, and a loss of approximately 44,000 jobs a year.

Department of Agriculture

- *DOGE disrupted the federal response to the bird flu outbreak, which had already cost the poultry industry over $1.4 billion.*
- *5,700 department employees have been cut, including those who have been placed on administrative leave.*

The Department of Agriculture (USDA) facilitates farmer access to capital, administers food safety and food assistance programs, protects plant and animal health and improves rural high-speed internet access. Since the start of the administration, DOGE has caused chaos at USDA, firing and then attempting to rehire workers who were researching and combatting the bird flu, which posed a large economic risk to farmers and endangered public health. At a time when the bird flu outbreak has already cost the poultry industry over $1.4 billion, hurting farmers and raising prices, firing scientists working to eradicate it is dangerous. Fortunately, the administration realized their mistake and worked to correct it, but this action has hindered the fight against the bird flu. In total, 5,700 department employees have been cut, including those who have been placed on administrative leave.

USDA's programs provide food to food-insecure families and support for farmers. USDA recently cut, or paused, roughly $1 billion in funding for local schools and food banks, potentially leading to a rise in food insecurity in communities across the country. Further budget and staffing cuts to the Natural Resources Conservation Service, which helps farmers improve crop quality and keep their land healthy, have harmed small farmers by slowing down loan and payment processing.

U.S. Agency for International Development

- *Nearly all of the agency's 10,000 employees were fired, placed on indefinite leave, or otherwise removed.*
- *U.S. based organizations stand to lose $28.9 billion from domestic USAID contracts and assistance.*

U.S. Agency for International Development (USAID) invests billions annually on public health, humanitarian and governance issues. Investments in these areas help reduce future global conflict and refugee crises, which can be significantly more expensive to respond to than to prevent or provide support for in their early stages. In February, it was announced that President Trump and DOGE would "shut...down" the agency, and the administration took immediate steps to cut programs and gut the agency's staff. Since then, nearly all of the agency's roughly 10,000 employees have reportedly been fired, placed on indefinite leave or otherwise removed.

USAID's Office of Inspector General issued a report stating that DOGE's cuts were preventing oversight of billions of dollars in humanitarian aid, leaving taxpayer dollars susceptible to loss through waste, fraud or even theft by violent extremist groups in conflict zones around the world. Furthermore, while Trump and his allies claim that the U.S. has needlessly sent money abroad "with no return for the American people," in reality, these programs have large benefits domestically including the $28.9 billion that U.S. based organizations have gained from USAID contracts and assistance. For example, USAID's food aid program purchases grains and produce from American farmers and ships them abroad. According to a website set up to detail the harms done by Trump's USAID cuts, all 50 states will experience job losses as well as loss in economic productivity due to the termination of USAID contracts. For example, losses could include as much as $1.5 billion in North Carolina, $3.2 billion in Virginia and $825 million in California. These programs also strengthen the American economy by supporting emerging and rapidly growing markets abroad, creating new opportunities for U.S. exports.

USAID's humanitarian work also includes significant public health contributions. The Trump administration and DOGE have already cut hundreds of millions of dollars appropriated by Congress to fight tuberculosis and HIV/AIDS. One of the programs cut by USAID was explicitly set up to monitor viral diseases from spreading to other countries, including into the U.S. Prevention of these diseases is much less costly than treating them. Preventing a single individual from being infected with HIV, for example, can save between $229,800 and $338,400 in lifetime costs.

Internal Revenue Service

- *Over 11,000 IRS employees were fired or accepted buyouts*
- *An estimated $500 billion in incoming revenue will be lost this year alone due to cuts at the agency.*

The Internal Revenue Service (IRS) helps taxpayers understand and meet their tax responsibilities under the law and thereby ensures that the federal government collects revenue to fulfill its responsibility to the American people. However, the Trump administration has fired over

7,000 employees, roughly 4,000 have accepted buyouts, and according to reports the administration plans to cut as many as 12,740 more. Cutting IRS staff will undermine the fair and equal enforcement of our nation's tax laws. According to sources at the IRS, these cuts will force the IRS to end or close audits of wealthy individuals and corporations as the agency will be understaffed. This would risk potentially sizable losses in revenue from corporations and wealthy individuals who may have underpaid their taxes, at the expense of the average taxpayer.

Officials predict a possible 10 percent decline in tax receipts amounting to more than $500 billion lost because businesses and individuals may not pay taxes owed due to the rollback in enforcement. Conversely, an analysis by the nonpartisan Congressional Budget Office of a 2022 proposal estimated that increased enforcement spending at the IRS over previous baseline levels would increase revenue by $200 billion over 10 years. This analysis focused on the benefits of fully enforcing existing tax laws. CBO Director Phillip Swagel, an economist who held senior-level economic posts in the Bush administration, concluded that such an investment in the IRS, which included other workforce modernization ideas, would support enforcement activities which have in recent years resulted in a return on investment of as much as 5 to 9 times the initial cost to fund such programs.

Additionally, it has been reported that the Department of Homeland Security (DHS) has sought to deputize law enforcement workers, including IRS criminal investigators, to assist DHS in immigration enforcement—a complete deviation from the IRS's mission. This would potentially kneecap a critical function of the IRS, whose Criminal Investigation team identified over $9.1 billion in fraud in FY 2024, which the government could potentially recoup.

Department of Justice Tax Division

- *Trump and DOGE shuttered a division that collected $247 million in revenue lost to fraud and corruption in one year* *alone, while costing taxpayers a fraction of that amount to operate.*

The Department of Justice (DOJ) Tax Division enforces the nation's tax laws "in order to promote voluntary compliance…[and] maintain public confidence in the integrity of the tax system." It plays a critical role in ensuring that revenue is not lost to fraud and corruption. However, the Trump administration proposed massive restructuring of the DOJ to implement DOGE initiatives. This restructuring would reduce the Tax Division to a small "team of supervisory attorneys" while reassigning the bulk of its personnel to U.S. Attorneys' Offices. In response, more than 60 DOJ tax lawyers and tax experts wrote to Deputy Attorney General Todd Blanche, arguing that "if the goal [of the reorganization] is to increase efficiency and our return on investment, eliminating the Tax Division would be an epic failure." According to reporting, the administration changed course on its plan to disperse Tax Division staff to U.S. Attorneys Offices around the country, but is instead considering splitting tax division personnel between the Criminal and Civil Divisions within the DOJ. It is as yet unclear what effect this may have on tax law enforcement, or whether former Tax Division personnel will focus on augmenting other work of their newly assigned division.

Investment in the DOJ's Tax Division has historically yielded significant returns to the government and the American taxpayers. In FY2022, Tax Division attorneys collected $247 million in taxes, interest and penalties from unpaid taxes that were referred to the DOJ by the IRS, which amounts to more than three times the Tax Division's appropriated funding. Studies have shown that the marginal indirect revenue-to-cost ratio of a DOJ Tax Division criminal conviction is more than 16 to 1, and that every additional dollar allocated to civil audits would return $67 in general deterrence, while every dollar allocated to criminal investigation results in $55 of deterrence. Additionally, because the IRS cannot make its audits public, it is the DOJ Tax Division's litigation victories that most likely serve as a cautionary example to the public, leading to increased voluntary compliance.

Tax collections fund federal government services, from national defense to social services and the national parks. Tax revenue relies on a high voluntary compliance rate, which is largely influenced by the maintenance of an "active and effective criminal and civil enforcement program." Decentralizing the DOJ's Tax Division would risk impairing the fair and consistent enforcement of tax laws.

Department of Education

- *1,950 department employees were fired or accepted offers to leave.*

On March 20, 2025, President Trump signed an executive order to close the Department of Education. Since President Trump's inauguration, the agency has cut 1,950 positions. Roughly 600 of the employees in those positions accepted voluntary separation compensation or deferred resignation, but an overwhelming majority were fired. According to a prior study of Project 2025's plans for the Department of Education, which the Trump administration appears to be implementing, some of President Trump's plans for the agency could lead to cuts in funding at low-income schools and cost such schools over 180,000 teachers. Federal subsidies and spending for education and job training have been found to increase lifetime earnings and boost long-term economic productivity.

According to a 2009 analysis by a well-regarded Federal Reserve Bank of Boston scholar, the return on investment for government spending on college education is $7.46 to $1. Several other studies over the past 25 years suggest that the underlying internal government rate of return for this study is plausible and far from an outlier. The Department of Education also administers federal student grants and loans, which helped over 10 million students receive over $110 billion to pay for their education in the 2023-2024 school year alone. While Trump had called for student loans to be handled by the Small Business Administration (SBA), the SBA may not be prepared for the massive bureaucratic challenge that this entails. The SBA has struggled with information technology management issues, even before the potential influx of student loans. During the pandemic, when the agency previously experienced a tenfold increase in loan disbursement, it "lowered the guardrails" and experienced "significantly increased program fraud." At the same time that the SBA would be faced with a similar flood of loans, the Trump administration has announced plans to cut 43% of SBA's workforce, potentially opening the door again to increased fraud as well as delays or other issues. Some Republicans have expressed concerns about the transfer of loans to SBA being "rushed" and that the agency likely lacks the capacity and expertise to handle student loans.

Conclusion

The departments and agencies reviewed above represent just a few of the agencies targeted by DOGE in the purported interest of government efficiency. Public reports show that DOGE has taken aim at more than 30 agencies during President Trump's first hundred days in office. This review details just some very clear cut examples in which there are well-documented historical, or expected, returns on investment that have been destroyed, diminished or jeopardized by DOGE's work. However, there have been little to no signs that DOGE is proceeding with more care as to the true effects of staffing and funding cuts at other agencies tied to its activities. Studies have shown that Americans across the ideological spectrum agree that "corruption, inefficiency, and red tape are major problems within the federal government," but this administration's chaotic and ill-conceived actions resulting in the loss of hundreds of thousands of jobs and billions of dollars will have untold consequences to the American economy and the everyday lives of American families.

Sasha Frank-Stempel contributed to this document in early 2025 while serving as a Legislative Fellow with CREW.