

Written Testimony of Robert A. Westbrooks
Before the
U.S. House of Representatives
Committee on Oversight and Government Reform
Subcommittee on Government Operations
Hearing on “Fraud Prevention: Understanding Fraud in Federally Funded
Programs Run by the States”
Wednesday, April 15, 2026

Chairman Sessions, Ranking Member Mfume, Members of the Subcommittee, I am pleased to speak with you today about fraud in federally funded, state-run programs.

My name is Bob Westbrooks. I am a former federal Inspector General (IG). During the national COVID-19 pandemic emergency, I served as the Executive Director of the Pandemic Response Accountability Committee (PRAC). I authored the book titled *Left Holding the Bag: A Watchdog’s Account of How Washington Fumbled its COVID Test* about the historic level of pandemic aid fraud, the gaps in our fraud prevention and detection efforts, and how we can be better prepared before the next emergency spending crisis. I currently serve as an international independent fraud and anti-corruption expert.

The following observations and opinions are based on my experiences over a thirty-year public service career, investigating fraud and auditing program fraud controls. My testimony will focus on aspects of some of the largest federally funded, state-run programs.

Summary

Millions of Americans across the nation are dependent on federally funded, state-run programs for food, housing, healthcare, temporary cash assistance, and other essential public benefits. Unfortunately, these programs—like most federally funded programs—are big, soft targets for fraudsters. The prevalence of fraud and the underlying root causes vary among programs. Weak controls, the emergence of AI and other technologies, and the easy accessibility of stolen personal data allow individual bad actors and international crime rings to commit fraud quickly and at scale. Rightfully, safeguarding public monies from fraud and waste should be a national priority, and counter fraud initiatives should be supported by a coordinated,

comprehensive risk-and-data-driven approach leveraging the independent Inspectors General and other accountability partners to reduce losses and help restore public trust.

Government Benefit Fraud Generally

At its core, government benefit fraud involves lying about your identity, eligibility, or claim amount.

Our pandemic experience provided a magnified view into government benefit fraud that is instructive. The internet has reduced barriers to fraud. Online, offenders can find free fraud tutorials, purchase stolen identities for the price of a Happy Meal, and file claims from anywhere in the world. With automation tools, offenders can simultaneously file multiple claims in multiple states. The prevalence of online fraud discussions normalizes this behavior and reduces the fear of getting caught and punished.

Government benefit fraud is committed by offenders across the criminal competency continuum from first-time novices who cannot resist the lure of easy money to experienced professionals, including transnational crime rings and nation-state actors. During the pandemic, hundreds of billions in public monies were plundered by impulsive novices, experienced opportunists, and professional criminals from around the world. Our pandemic experience should have outraged Americans and spurred government to act to harden our defenses. It was all but certain that fraudsters would return to easy targets after the pandemic crisis abated. Instead, in my view, we collectively shrugged our shoulders and COVID amnesia set in.

According to the U.S. Sentencing Commission, there were a total of 937 government benefit fraud convictions in FY 2024. This represents only a tiny fraction of actual government benefit fraud as the data only includes cases identified and prosecuted to conviction at the federal level. Nevertheless, there are some insights to be gleaned from the data. For example, around 70 percent of offenders had little or no prior criminal history and the median loss was around \$138,000. The top five districts for government benefit fraud were: (1) Southern District of Florida, (2) Eastern District of North Carolina, (3) District of Puerto Rico, (4) District of South Carolina, and (5) tie between Eastern District of Virginia, Southern District of New York, and Southern District of Texas.

Alabama led the nation in reported SNAP theft in the first quarter of 2025, with over 26,000 stolen benefit claims resulting in \$10 million in losses. Other states with high reported SNAP benefit theft include Georgia, New York, California, and Ohio. There have been several recent SNAP cases involving Romanian nationals installing Electronic Benefit Transfer (EBT) card skimmer devices in retail stores in North Carolina, Oregon, Washington, Pennsylvania, and Mississippi.

In FY 2024, the federal government reported an improper payment estimate in the largest federally funded, state-run program, Medicaid, of \$31 billion, or roughly 5 percent (some of which is fraud). The federal government reported an improper payment estimate in the Supplemental Nutrition Assistance Program (SNAP) of \$10.5 billion, or roughly 11 percent (some of which is fraud). The federal government does not even estimate improper payments for the Temporary Assistance for Needy Families (TANF) program, so we have no idea how much fraud may be present in this program. For comparison purposes, the federal government reported an improper payment estimate of \$31 billion, or roughly 8 percent (some of which is fraud) in the Medicare program which is not state-run.

As the Government Accountability Office and various Offices of Inspectors General have reported, the actual amount of program fraud may be significantly higher than the reported improper payment estimates. Whatever the true amount, headlines involving large dollar fraud cases erode public trust and can adversely impact those in need.

In summary, government benefit fraud unfortunately happens and no program or state is immune. At the same time, the American public should reasonably expect that public monies are not used to pay dead people or incarcerated individuals, or to pay duplicate claims in the same state or across states, and that funds are otherwise appropriately safeguarded.

Why are Federally Funded, State-Run Programs Susceptible to Fraud?

Federally funded, state-run programs vary greatly in purpose and design but share at least two general characteristics that increase the fraud risk: (1) decentralized administration and (2) the moral hazard created when Washington provides the funding and the states control disbursement. Decentralized administration can lead to fragmentation with operational siloes and inconsistent priorities, policies, and practices. States controlling disbursement of federal funds may diminish accountability and incentivization.

In plain language: these programs invite fraud because that's where the money is, it's relatively easy to steal, and fraudsters do not sufficiently fear getting caught and punished. In more technical jargon: these programs generally present risk factors that permit fraud, and program officials can do more to assess and treat these risks.

Fraud risk factors for these programs include, but are not limited to: program complexity, participant or payment volume, the use of third-party processors, the availability of eligibility databases, reliance on self-certification, and monitoring and oversight mechanisms.

Medicaid is by far the largest such program (approximately 10 percent of total federal spending) and is the most complex. It is an open-ended entitlement program where the federal government provides about 65 percent of total Medicaid funds and the states provide the other 35 percent. Payments are made to providers by the states either as fee-for-service or through managed care plans. Program integrity is a joint responsibility, with the Centers for Medicare & Medicaid Services (CMS) setting the standards and rules, and the states managing and monitoring the program. Dedicated State Medicaid Fraud Control Units (MFCUs) investigate and prosecute health care providers, and these MFCUs are overseen and recertified by the HHS Office of Inspector General.

SNAP is also an entitlement program. The federal government fully funds the program, but the federal and state governments share program administrative costs. H.R. 1 made significant changes to SNAP's funding structure based on reported payment error rates. Beneficiaries typically submit applications online, by mail, or in person to their local departments of social services. Benefits are paid monthly via an EBT card to purchase eligible food items from authorized retailers. State offices are responsible for investigating fraud by recipients. The USDA Office of Inspector General is responsible for investigating retailer fraud and trafficking. Oversight is supported through the SNAP National Accuracy Clearinghouse, which is an interstate data matching system to prevent participants from receiving benefits in multiple states. According to public data, 15 states are currently using this system. There is a regulatory deadline of October 2027 for all states to implement this system.

The TANF program is a fixed, federal block grant with state matching requirements. The program is intended to provide temporary cash assistance, child care, and job training. Because TANF is a block grant, these funds come with fewer federal requirements and minimal federal oversight.

The unemployment insurance (UI) program is primarily financed through employer payroll taxes, with the U. S. Department of Labor (DOL) ensuring that states comply with federal law and maintaining a trust fund which, among other things, reimburses states for the federal share of any extended benefits in periods of high or rising unemployment. Fraud cases are investigated by state authorities and the DOL Office of Inspector General. Program integrity efforts are supported by the UI Integrity Center, which is a partnership between the DOL and the National Association of State Workforce Agencies. Among other things, the Center's Integrity Data Hub provides crossmatching of claims in more than one state and maintains a suspicious actors repository.

The Housing Choice Voucher program provides rent subsidies in the form of vouchers based on household income. This Department of Housing and Urban Development (HUD) program is administered through local public housing authorities. To reduce red

tape on initial enrollment for applicants experiencing homelessness, applicants are sometimes permitted to self-certify identity, income, and family composition. Housing Choice Voucher fraud is investigated by state and local authorities and the HUD Office of Inspector General.

In summary, fraud risk factors vary greatly among federally funded, state-run programs.

What Can and Should be Done to Reduce Fraud

In an ideal world, agencies would design fraud out of the program *before* implementation to the extent practicable and then would employ reasonable controls to: (i) deter fraudsters from even attempting a fraudulent claim, (ii) prevent fraudsters from consummating the claim, (iii) promptly detect those claims that successfully pass, and (iv) correct/respond to fraudulent claims through prompt enforcement actions, target hardening, disruption, and recovery.

There is no one-size-fits-all solution. Officials must consider relevant fraud risk factors and weigh program objectives and the operating environment to design fit-for-purpose fraud controls. For example, in the earliest days of the COVID-19 pandemic, we were facing a public health and economic catastrophe. The “pay-and-chase” model is not preferred in the normal course of business, but it may be the least bad choice in a crisis to ensure swift delivery of public services to the greatest number of eligible citizens. One fraud lesson from the pandemic era was that government officials, in general, did not balance this choice with stronger detection and correction controls.

Today’s environment presents similar trade-off decisions for program officials. For example, an initial application for housing assistance by an individual experiencing homelessness should be addressed with different fraud controls than a recertification application.

In terms of the reasonableness of fraud controls, it should be noted that fraudsters can experiment with AI and other imperfect technologies and make mistakes along the way. The government does not always have that luxury in the administration of public service programs. Identity theft is all too common, and a false positive regarding a SNAP or UI application can result in a family going hungry. The Dutch government learned this lesson the hard way in a widely reported scandal where a faulty algorithm resulted in wrongfully denied benefits. Similarly, in the U.S., the Electronic Privacy Information Center (EPIC) filed a complaint with the Federal Trade Commission regarding the implementation of an AI tool by some states that, according to EPIC, erroneously flagged certain public benefit claims as fraudulent resulting in the wrongful reduction or denial of benefits. A false positive result may be of little consequence to a vendor or the

government, but it surely is felt by one falsely accused of fraud. Public officials should aggressively but responsibly adopt new technology tools in the fight against fraud.

To be frank, “zero tolerance” sounds great, but in reality it is simply impossible or impracticable to design a 100 percent fraud-proof program. The cost of controls and impact on the delivery of public benefits would be too great. This is not to suggest that we should “tolerate” fraud. In practice, zero tolerance means that the American public should expect that government officials are taking all reasonable steps to prevent, detect and investigate allegations of fraud.

Finally, I would be remiss if I did not briefly comment on the proposed funding cuts for some Offices of Inspectors General. USDA OIG’s budget submission, for example, calls for an approximate 14 percent decrease from FY 2026. Supporting the work of the independent Inspectors General in word and deed is essential.

Illustrative Fraud Cases

In Minnesota, over 60 individuals have been convicted in a \$250 million grant fraud scheme to exploit a federally funded child nutrition program. The defendants fraudulently claimed to be serving meals to thousands of children a day.

In Mississippi, the former Executive Director of the state Department of Human Services and others were convicted of misusing millions of dollars in TANF funds. According to a report by the state auditor, former NFL quarterback Brett Favre received \$1.1 million for speaking engagements he did not attend (Mr. Favre repaid the funds and has not been criminally charged), and other funds were diverted to build a new volleyball stadium at the University of Southern Mississippi.

In Arizona, a defendant from Pakistan was indicted, along with others, in connection with an alleged \$650 million Medicaid fraud scheme involving at least 41 substance abuse treatment centers. The defendant owned a billing company for treatment centers and was involved in billing for services never provided and billing for substandard services. The defendant personally received at least \$25 million and used some of the funds to purchase a \$2.9 million home on a golf estate in Dubai.

In Florida, the owner of a network of assisted living facilities and skilled nursing facilities was convicted of fraud in what was described at the time by the Department of Justice as the “largest health care fraud scheme ever charged.” The defendant bribed doctors and regulators, provided poor care to patients, and billed Medicaid and Medicare for unnecessary services. He personally received over \$36 million from the scheme.

In New York, a USDA employee and others were charged in a multimillion-dollar SNAP fraud scheme that generated over \$66 million in unauthorized transactions. The case involved supplying unauthorized EBT terminals to co-conspirator retailers.

Conclusion

Federally funded, state-run programs offer a broad attack surface and are susceptible to fraud. Hoping that fraudsters will not target a program is not an effective counter-fraud strategy and appealing to the better angels of our nature to not grab easy money is not an effective fraud control. We need to narrow the opportunity for fraud and make it harder to steal. Oversight is a team sport. We need a comprehensive, coordinated risk-and-data driven approach with federal and state officials, along with Inspectors General, the GAO, and other accountability partners.

Thank you for the opportunity to share my perspectives. I look forward to your questions.