

Opening Statement [as prepared]

Ranking Member Rob Portman

Homeland Security and Governmental Affairs Committee Hearing:

“Pandemic Response and Accountability – Reducing Fraud and Expanding Access to COVID-19 Relief through Effective Oversight”

Thursday, March 17, 2022 10:15 AM

Thank you, Chairman Peters.

I’m glad we’re having this hearing. Over the last two years, the United States government has spent more than 5 trillion dollars¹ responding to COVID-19. We provided this money to expand unemployment benefits, to support small businesses, and to meet other challenges. This spending continued even after we began to hear warnings from economists like Larry Summers—who said that our massive spending could “**set off inflation pressures of a kind we have not seen in a generation.**” I echoed these warnings when I opposed the \$1.9 spending package passed along partisan lines through Congress in March of last year.

¹ Pandemic Response Accountability Committee, *Here’s how much pandemic relief money has been spent*, <https://www.pandemicoversight.gov/> (last visited March 15, 2022).

Those warnings came true. Now, inflation is at 7.9 percent—a 40 year high. And it is expected to continue climbing. American families—paying more for less every day—are left wondering if their money was spent wisely.

Against this backdrop, we have learned that billions of dollars spent to help American families were stolen by individual criminals and transnational criminal organizations (TCOs) who used fraudulent schemes to exploit the COVID-19 pandemic for their own financial gain.² Many of these criminals are overseas—from China, Nigeria, Russia and elsewhere.

It is hard to know exactly how much money was stolen; estimates range from 87 to 400 billion dollars.^{3,4} To put this in context, the low estimate here is larger than the entire annual Department of Homeland

² Press Release, U.S. Dep't of Justice, *EDVA Takes Action Against COVID-19 Fraud in 2021* (Dec. 20, 2021), <https://www.justice.gov/usao-edva/pr/edva-takes-action-against-covid-19-fraud-2021>.

³ The Department of Labor IG originally estimated that \$87 billion in pandemic unemployment benefits may have been paid improperly, with a significant portion attributable to fraud. See U.S. Dep't of Labor, Off. of Inspector Gen., *DOL-OIG Oversight of the Unemployment Insurance Program* (last updated Jan. 3, 2022), <https://www.oig.dol.gov/doloiguooversightwork.htm>.

In his testimony, we expect the DOL IG to state that this number is likely to exceed \$163 billion.

⁴ Felix Salmon, *Half of the pandemic's unemployment money may have been stolen*, AXIOS (JUN. 10, 2021), <https://www.axios.com/pandemic-unemployment-fraud-benefits-stolen-a937ad9d-0973-4aad-814f-4ca47b72f67f.html>.

Security budget. We could send almost six times the recently authorized amount of aid to Ukraine with this money stolen from the American people. We are talking about one of the largest frauds committed against the American people in our history. And even though we do not know exactly how COVID relief funds were spent or exactly how much was stolen⁵, the Administration requested billions in additional COVID-19 funding.⁶

One of the biggest sources of fraud involves the unemployment insurance programs. These benefits were designed to help Americans who lost their job because of the pandemic, to help them get back on their feet during a turbulent time in the labor market. Instead, billions of these dollars went to criminals who used stolen identities and lax safeguards to steal the money away from Americans who needed it.⁷

⁵ Letter from Senators Romney, Portman, et al., to President Biden (Mar. 2, 2022).

⁶ Letter from Shalanda Young, Acting Director, Office of Management and Budget, to Nancy Pelosi, Speaker of the House (Mar. 2, 2022), <https://www.whitehouse.gov/wp-content/uploads/2022/03/COVID-and-Ukraine-Supplemental-Funding-Request-Pelosi.pdf>.

⁷ *Fact Sheet: President Biden to Announce New Steps to Combat Criminal Fraud and Identity Theft in Pandemic Relief Programs*, THE WHITE HOUSE (Mar. 1, 2022), <https://www.whitehouse.gov/briefing-room/statements-releases/2022/03/01/fact-sheet-president-biden-to-announce-new-steps-to-combat-criminal-fraud-and-identity-theft-in-pandemic-relief-programs/>.

Another major source of fraud involves the Paycheck Protection Program and the Economic Injury Disaster Loan program. These are two programs designed to help small businesses survive the pandemic. Like the unemployment insurance funds, however, these small business loans became easy targets for criminals, both here and abroad. Money that was supposed to employ American workers instead funded organized crime, and purchased luxury cars and mansions for criminals.⁸

The purpose of this hearing is to examine the Government's oversight of this massive spending. Specifically, we need to understand how this fraud occurred, what we can do to get the money back, and how we can prevent it in the future. The witnesses we have here today are in a good position to start this conversation.

At the beginning of the Pandemic, Congress established the **Pandemic Response Accountability Committee** to provide oversight of the pandemic relief. This group of 21 Inspectors General were appropriated \$120 million and tasked with preventing fraud and

⁸ See Press Release, U.S. Dep't of Justice, *Texas Man Sentenced for \$24 Million COVID-19 Relief Fraud Scheme* (July 28, 2021), <https://www.justice.gov/opa/pr/texas-man-sentenced-24-million-covid-19-relief-fraud-scheme>.

mitigating risks associated with the pandemic-relief funds. And the Government Accountability Office, the Office of Management and Budget, and the Department of Labor's Inspector General also had a role to play in overseeing these funds and programs. Each of the witnesses today brings a unique perspective from these agencies.

I look forward to hearing what each witness has to say about their role in the oversight of these funds, and about their plans to help fix the structural problems that allowed this fraud to occur in the first place. I thank the witnesses for testifying, and look forward to engaging in discussion with them. Thank you.