

DECADES OF DYSFUNCTION: RESTORING
ACCOUNTABILITY AT HUD

HEARING
BEFORE THE
SUBCOMMITTEE ON OVERSIGHT AND
INVESTIGATIONS
OF THE
COMMITTEE ON FINANCIAL SERVICES
U.S. HOUSE OF REPRESENTATIVES

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Tuesday, April 8, 2025

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DECADES OF DYSFUNCTION: RESTORING ACCOUNTABILITY AT HUD

Tuesday, April 8, 2025

U.S. HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON OVERSIGHT AND INVESTIGATIONS,
COMMITTEE ON FINANCIAL SERVICES,
Washington, DC.

The subcommittee met, pursuant to notice, at 10:06 a.m., in room 2128, Rayburn House Office Building, Hon. Dan Meuser [chairman of the subcommittee] presiding.

Present: Representatives Meuser, Moore, Wagner, Loudermilk, Garbarino, Haridopolos, Green, Tlaib, Williams of Georgia, and Liccardo.

Also present: Representatives Hill, Steil, Flood, De La Cruz, and Waters.

Chairman MEUSER. Good morning. The Subcommittee on Oversight and Investigations will come to order.

Without objection, the chair is authorized to declare a recess of the committee at any time.

This hearing is entitled, “Decades of Dysfunction: Restoring Accountability at HUD.”

Without objection, all members will have 5 legislative days within which to submit extraneous materials to the chair for inclusion in the record.

I now recognize myself for 4 minutes to give an opening statement.

OPENING STATEMENT OF HON. DANIEL MEUSER, CHAIRMAN OF THE SUBCOMMITTEE ON OVERSIGHT AND INVESTIGATIONS, A U.S. REPRESENTATIVE FROM PENNSYLVANIA

Today’s hearing is entitled, again, “Decades of Dysfunction: Restoring Accountability at HUD.” I would like to thank the acting inspector general for being here today to discuss persistent waste, fraud, and mismanagement at the Department of Housing and Urban Development (HUD).

For decades, HUD’s Inspector General (IG) has investigated, uncovered, and highlighted severe deficiencies plaguing the agency. HUD’s core mission is to provide safe and affordable housing, something very, very important, and it is something we all support on this subcommittee. However, HUD continues to, very often, waste taxpayer funds while failing to meet its most basic responsibilities and has little to no mechanisms to track and report these issues. This is a fact.

Year after year, HUD's appropriations are squandered, mismanaged, or lost in fraud and improper payments. In 2017, \$1.7 billion was lost through improper payments, and there is no evidence to suggest anything has been corrected or improved. Accountability is in short supply, and a lack of transparency has eroded public trust. Yet, HUD's spending increased from \$45.4 billion to \$78.4 billion from 2021 to 2024. Unfortunately, HUD's failures extend beyond the risks of fraud and its inability to track or report improper payments. The agency relies on outdated information technology (IT) systems, some designed and built in the 1970s, and in turn, lacks the data collection processes required for effective oversight.

When I served in Pennsylvania as the Revenue Secretary, we modernized our IT systems, and the improvements in tax revenue were so significant people actually asked what we were doing differently, how were things improving so much. It was not magic; it was better data, better oversight, and better decision making.

While HUD faces many challenges its minimal oversight of programs and grantees also raises serious concerns, requiring grantees to have a fraud prevention plan as part of the grant application, along with enforcing enhanced data sharing across HUD programs, would be a beneficial step toward achieving a more efficient, accountable HUD.

Public housing authorities under the supervision of HUD have operated unchecked and without consequence. Many routinely fail to meet basic HUD quality standards with no commitment to improving operations. Requiring such public housing agencies (PHAs) to timely and accurately report overpayments should be a condition of their funding. Republicans want HUD to provide the most effective housing for Americans as possible. Fraud and overpayments take valuable dollars away from that mission.

One thing is very clear: HUD cannot continue on its current path. Things need to change. That is why I sent the letter to the Government Accounting Office (GAO) asking for a report on HUD's improper payments and fraud risk management structure. I believe that with President Trump's Department of Government Efficiency (DOGE) Committee, proper congressional oversight, and Secretary Turner at the helm, a new day at HUD is soon approaching. I yield back.

The chair now recognizes the ranking member of the subcommittee, the gentleman from Texas, Mr. Green, for 4 minutes for an opening statement.

OPENING STATEMENT OF HON. AL GREEN, RANKING MEMBER OF THE SUBCOMMITTEE ON OVERSIGHT AND INVESTIGATIONS, A U.S. REPRESENTATIVE FROM TEXAS

Mr. GREEN. Thank you, Mr. Chairman.

I thank the witness for appearing. I will add for the record; I have great respect for this witness and will enjoy hearing his testimony.

Mr. Chairman, I have received a memo dated April 3, 2025. This is from the majority, and I will read in part what it says. It says, "This hearing will underscore the critical need for congressional oversight and review of the Department of Government Oversight

and Efficiency, DOGE, to ensure transparency, accountability, and operational effectiveness within the agency.”

I regret to inform my colleagues, first, that DOGE is not a department. It is not. DOGE is an entity that replaced another entity that was created by President Barack Obama. It is an administrative agency at best. DOGE, which is headed by a temporary employee, Mr. Elon Musk, temporary because he is there for about 130 days, and then he will be gone. DOGE is a temporary entity, not a department. Some things bear repeating.

I say this because it is important for us to note that the person who is heading DOGE has not been elected, has not been vetted, and for Republicans to now decide that they are going to turn the review of certain practices within the Department, the Housing and Urban Development Department, turn it over to a person who is un-vetted, a person who has not been elected, is unthinkable.

This hearing should be about whether we should allow DOGE to be involved with our government. The hearing should be about whether or not DOGE has the authority to do much of what it is doing. The stock market is in turmoil. People are very much concerned about what is happening to them in this country. Economic uncertainty is pervasive, and we have a jester with a chain saw cutting jobs.

We find ourselves today, this very powerful committee, the powerful Financial Services Committee, with oversight authority in this subcommittee—This powerful committee is allowing its very responsibility to be usurped, or, in fact, we are abdicating, abdication of the power of the committee to an unelected, unvetted, temporary employee.

Now, why are we doing it? Friends, I regret to inform you of something more, because there is fear of Elon Musk. People are afraid of him. They are afraid to take him on. They are afraid to ask him to come before this body, this august body, and give testimony. He should be in that seat. He is the person who is going to make the cuts. He is the person who has demonstrated that he has power beyond that which Congress has accorded to him. He should be here, but we do not have the courage to have him sit in that seat and allow us to ask him questions.

Mr. Musk is, at best, a wannabe President who serves with a wannabe dictator who believes that he has the power and the authority to literally control not only the executive branch, but also the legislative branch, as well as the judiciary. We, at some point, have to draw a line in the dirt and say to Mr. Musk, no more. You cannot do this. You cannot just willy nilly arbitrarily and capriciously cut jobs. You have to do studies. You have to get some insight.

I would like to ask, Mr. Chairman, at this time, that, without objection, my memorandum from the majority be placed in the record.

Chairman MEUSER. Without objection.

[The information referred to can be found in the appendix:]

Mr. GREEN. Thank you. I yield back.

Chairman MEUSER. The gentleman yields.

The chair now recognizes the chairman of the full committee, Mr. Hill, for 1 minute.

STATEMENT OF HON. FRENCH HILL, CHAIRMAN OF THE COMMITTEE ON FINANCIAL SERVICES, A U.S. REPRESENTATIVE FROM ARKANSAS

Chairman HILL. I want to thank the Acting Inspector General for appearing before us today.

I want to thank Subcommittee Chair Meuser for holding this hearing.

HUD has an important mission, providing safe and affordable housing to Americans. Unfortunately, over the years, in my view, the agency has shown time and time again they are unable to perform even the most basic functions. The agency continually fails to hold local, public housing authorities responsible for not providing safe housing.

For example, in my hometown in Little Rock, the Little Rock Housing Authority has allowed the residents of one complex to live in unsafe conditions without electricity while the owners of the complex collect utility payments. It is an outrage. Additionally, the problems in Little Rock Housing Authority included unauthorized transfers of funds, deceased citizens receiving housing vouchers, and over \$700,000 in Coronavirus Aid, Relief and Economic Security Act (CARES) Act funds unaccounted for, just to name a few.

These issues are not limited to one public housing agency. This is a rampant nationwide issue that must be addressed, and HUD must be able to exercise appropriate oversight of its programs or else billions of dollars of taxpayer resources will continue to be at risk of fraud and improper payments. I look forward to our hearing today. I yield back.

Chairman MEUSER. Thank you, Mr. Chairman.

The chair now recognizes the ranking member of the full committee, Ms. Waters, for 1 minute.

STATEMENT OF HON. MAXINE WATERS, RANKING MEMBER OF THE COMMITTEE ON FINANCIAL SERVICES, A U.S. REPRESENTATIVE FROM CALIFORNIA

Ms. WATERS. Thank you very much, Mr. Chairman.

Trump and Musk are dismantling the Nation's housing agencies and raising housing costs with tariffs on some building materials while this committee pretends nothing unusual is happening. Committee Democrats and I have sent three letters to and requested a briefing from HUD Secretary Turner. I have also asked Chair Hill to invite him to testify. We have received zero responses.

Our Republicans, who have been instructed to not hold town halls anymore, scared by what the public will think if Turner has to answer for how Trump is ruining our housing market and economy. Hopefully, my Republican colleagues will uphold their oath to protect the Constitution and the American people and finally conduct oversight of HUD.

I wish I had more time. I would talk about the entire dysfunction of this government under Trump, all of the recalling that they have to do, the changes they have to make. Even our nuclear program was at risk, because they fired the employees and then had to call them back. I could go on and on and on. If you want to talk about dysfunction, let us talk about what is happening with this administration. I yield back.

Chairman MEUSER. The gentlelady yields back.

I will now introduce our witness. Today we welcome the testimony of Mr. Stephen M. Begg, the Acting Inspector General of the Department of Housing and Urban Development. Mr. Begg was appointed Deputy Inspector General in July 2020. He previously was the Office of Inspector General (OIG) Chief of Staff, and before that, was an Attorney Advisor to the OIG's Office of Legal Counsel. Mr. Begg earned his bachelor's degree from James Madison University, his law degree from the Catholic University of America, Columbus School of Law.

We thank you for taking the time to be here. You will be recognized for 5 minutes to give an oral presentation of your testimony. Without objection, your written statement will be made part of the record.

Mr. Begg, you are now recognized for 5 minutes for your oral remarks.

STATEMENT OF STEPHEN M. BEGG, ACTING INSPECTOR GENERAL, U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

Mr. BEGG. Chairman Meuser, Ranking Member Green, members of the subcommittee, thank you for inviting me to testify about the important oversight work that the HUD Office of Inspector General does to detect and prevent fraud, waste, and abuse, and to promote integrity, efficiency, and effectiveness in HUD programs.

My testimony will focus on several longstanding challenges that HUD faces and actions that can be taken to address them. HUD's portfolio is massive, and its programs affect every community in America. HUD programs provide hundreds of billions of dollars in grant funding, as well as trillions of dollars in mortgage insurance and mortgage-backed securities.

HUD oversees a vast network of participants that administer its programs, including public housing authorities, landlords, nonprofit organizations, State and local government entities, and mortgage lenders and servicers. HUD needs a highly skilled workforce, efficient processes, and up-to-date technology to effectively manage a portfolio of this size.

In recent years, HUD has sustained progress in key areas, like financial management and human capital management. However, we have consistently reported that HUD struggles to maintain the capacity needed to tackle its most pressing challenges. A common theme across those challenges is the need to modernize HUD's IT systems.

HUD needs better data to improve performance and ensure funding is spent properly. The key to collecting and leveraging that data is IT modernization. Inadequate systems and lack of data affect many critical HUD program functions, like monitoring grantee activities and performance, particularly sub recipients; preventing duplication of benefits and ineligible use of funds and disaster recovery programs; ensuring HUD-assisted properties are inspected timely, and that the health and safety problems identified are addressed quickly; documenting the number of public housing units that contain lead hazards and monitoring the confirmed cases of lead poisoning of children; measuring public housing authority per-

formance in maximizing success rates in the Housing Choice Voucher Program; and protecting HUD systems and personally identifiable information from cybersecurity threats.

HUD IT systems and data limitations also frustrate its ability to identify and prevent improper payments and fraud. For 8 consecutive years, HUD has not been able to estimate how many improper payments are made in its largest rental assistance programs, because its current systems do not have the payment data needed to test for improper payments.

These programs represented approximately \$50 billion in 2024, roughly two-thirds of HUD's annual expenditures. Because it cannot estimate and identify improper payments in these programs, HUD cannot develop specific action plans to reduce them, leaving tens of billions of dollars at increased risk each year.

HUD needs to collect more information about payments made at the ground level to prevent taxpayer funds from being spent improperly. HUD can also better leverage data from other agencies, such as Treasury's Do Not Pay Portal, to ensure that payments are not made to those who have been excluded from participating in Federal programs or have disqualifying delinquent debt. With better data, HUD can prevent improper payments rather than chase them. The same is true of fraud. Having better data related to payments and sub recipient level activities is necessary to target fraud schemes proactively.

Our office continues to stress the need for stronger fraud risk management practices at HUD. That starts with a commitment to preventing fraud from HUD leadership. In my first meeting with Secretary Turner, he expressed a strong desire to strengthen the Department's anti-fraud practices, improve payment integrity, and to hold HUD program participants accountable for doing the same.

HUD can put this commitment into action by assessing each of its programs for fraud risks and developing a proactive approach for fraud prevention. HUD should require its program participants to establish fraud risk programs in their organizations and provide guidance to them on how they should manage fraud risk.

Ultimately, reducing improper payments and preventing fraud will better position HUD and its partners to maximize taxpayer funds in achieving the goals and outcomes intended in its programs. The OIG stands ready to assist the Department in these efforts.

To conclude, I am proud to represent the dedicated professionals at HUD OIG, and I want to thank them for their outstanding effort to help HUD be successful. I look forward to continuing our work with this subcommittee and answering your questions today.

[The prepared statement of Mr. Begg follows:]



**Testimony Before the U.S. House of Representatives,
Financial Services Committee, Subcommittee on
Oversight and Investigations**

Hearing Titled "Decades of Dysfunction: Restoring
Accountability at HUD"



Testimony of Stephen M. Begg,
Acting Inspector General,
U.S. Department of Housing and Urban Development

April 8, 2025





Testimony of Stephen M. Begg, Acting Inspector General U.S. Department of Housing and Urban Development

Before:

The U.S. House of Representatives, Financial Services Committee,
Subcommittee on Oversight and Investigations
Hearing Titled “Decades of Dysfunction: Restoring Accountability at HUD”

Introduction

Chairman Meuser, Ranking Member Green, and Members of the Subcommittee, thank you for the opportunity to testify today. The Office of Inspector General (OIG) for the U.S. Department of Housing and Urban Development (HUD or Department) provides independent, timely, and relevant oversight that influences positive outcomes for HUD’s programs and operations. Our auditors, evaluators, special agents, attorneys, data scientists, and professional staff collaborate to produce independent, objective oversight to protect the integrity of HUD’s programs and to find ways HUD can operate more efficiently and effectively.

I am honored to discuss the important work that the dedicated professionals at HUD OIG are doing to help HUD’s programs succeed. My testimony will focus on several longstanding challenges and critical risks HUD faces. I will also highlight priority actions we have recommended HUD take to improve and protect its many programs that provide homeownership opportunities, community development funding, and rental assistance throughout our nation.

HUD OIG’s Oversight Produces Significant Results for HUD Programs

In Fiscal Year (FY) 2024, OIG audits resulted in \$86.7 million in collections and identified nearly \$1 billion in funds that could be put to better use and \$4.8 million in questioned costs. During the same period, our investigations resulted in over \$63 million in restitutions and judgments, with over \$14 million total recoveries and receivables ordered to HUD programs, and in 125 administrative sanctions to remove or limit bad actors from participation in HUD programs.

Beyond monetary impact, in FY 2025, the OIG began tracking non-monetary benefits of our recommendations. As of March 31, 2025, the OIG identified 278 HUD actions that produced systemic benefits for HUD programs and its many participants and beneficiaries, and safeguarded taxpayer funds from fraud, waste, abuse, and mismanagement. These non-monetary benefits included: 76 guidance enhancements, 61 process improvements, 112 actions that increased program effectiveness, and 29 actions whereby HUD enhanced accuracy in its reporting.



As of March 31, 2025, the OIG was tracking 699 open recommendations requiring HUD action. Of those, 246 recommendations would produce a monetary impact totaling more than \$11.4 billion when addressed. In addition to the 699 open recommendations, there are 85 OIG recommendations identified as closed but for which HUD has an active repayment agreement with grantees to recover funds for expenditures that were ineligible or could not be supported. If these repayments are made in full, an additional \$35.3 million would be returned to HUD programs or the U.S. Department of the Treasury (Treasury).

Lastly, of the 699 open recommendations, the OIG has identified 24 as priority.¹ We believe that HUD action to address these recommendations would have the greatest impact on helping the Department achieve its mission and address its top management challenges. Many of these recommendations are discussed below.

Key Areas of Risk Within HUD's Top Management Challenges

HUD's programs are vast and touch every community in America. These programs are executed at the ground level by an expansive network of HUD participants, including public housing authorities (PHA), private landlords, non-profit agencies, state and local governments, bank and non-bank mortgage lenders, and other private sector entities. To administer its programs and oversee its participants effectively and efficiently, HUD must have the right people, processes, and systems in place. Many of HUD's top management challenges can be linked to gaps in these areas, and we have reported for several years that HUD lacks capacity to sufficiently address such gaps.

Before discussing the areas of improvement that continue to require HUD's attention, I would like to report that last year, HUD made significant progress in addressing several longstanding challenges.² Specifically, our oversight work has shown that HUD has demonstrated sustained progress in financial management by improving the accuracy of its financial reporting and compliance with financial management laws. Similarly, over the past 2 years, HUD showed marked improvement in how it manages its human capital, notably by advancing in key metrics such as reducing time-to-hire, retention efforts, guidance for managing human capital, and workforce planning. HUD has also made strides in its information security program by strengthening the program across many important government-wide metrics.

Sustaining this progress is critical for HUD to address its remaining challenges, which include:

- Promoting Health and Safety in HUD-Assisted Housing
- Increasing Access to Affordable Housing
- Mitigating Counterparty Risks
- Grants Management
- Enhancing Oversight of Disaster Recovery

¹ OIG recommendations, including those designated priority, are publicly available at the HUD OIG Recommendation Dashboard: <https://www.hudoig.gov/open-recommendation/search>.

² *Top Management Challenges Facing the U.S. Department of Housing and Urban Development in FY 2025* (Oct. 17, 2024).



- Managing Fraud Risk and Improper Payments
- Improving Information Technology (IT) Modernization and Cybersecurity
- Increasing Effectiveness in Procurement

Modernizing IT systems is an important theme across all of the challenges. HUD employees, program partners, and external stakeholders consistently report to the OIG that HUD's legacy IT systems are incapable of supporting the best execution of its programs. Many of HUD's IT systems need to be modernized to (1) securely collect, use, and analyze data necessary for ensuring program integrity, and (2) more effectively administer and oversee billions of taxpayer dollars and records containing personally identifiable information. Project management gaps and shifting priorities continue to delay the full implementation of significant modernizations efforts. The OIG, as well as the U.S. Government Accountability Office, have found that improving IT project management at HUD should result in cost savings, higher efficiencies, and more secure systems.

Reducing Improper Payments

Improper payments are a longstanding and significant problem in the federal government, but HUD has uniquely struggled to identify and mitigate the risk of improper payments in its largest programs.³ Estimating improper payments and identifying their causes are a critical first step in developing plans for how to prevent them from occurring.

For more than a decade, HUD has been unable to accurately estimate improper payments in its highest risk programs – Tenant-Based Rental Assistance (TBRA) and Project-Based Rental Assistance (PBRA). TBRA and PBRA account for roughly two-thirds of HUD's annual program expenditures, totaling roughly \$50 billion in FY 2024. For the past 8 years, HUD has failed to produce improper payments estimates that comply with the law and has stated it may not be able to produce reliable estimates until 2027, leaving hundreds of millions of dollars of HUD funding at increased risk of waste, fraud, and mismanagement. In 2016, when HUD was last able to produce an auditable estimate of improper payments, HUD reported approximately \$1.7 billion in improper payments for TBRA and PBRA. Since that time, the dollars flowing through these rental assistance programs have increased substantially. Until HUD can estimate improper payments in TBRA and PBRA, it cannot identify specific actions it will take to mitigate the potential waste, abuse, and mismanagement of the funding, as required by law.

HUD cannot complete the estimation process because it lacks data necessary to test for improper payments. This data, including rent payment information collected by PHAs and housing providers for TBRA and PBRA, is not maintained in a HUD system. In addition, HUD has not found a technology platform that it can use to quickly and efficiently collect the data, and HUD's attempts to review the data manually have been unsuccessful.

³ Improper payments are payments that should not have been made or that were made in an incorrect amount, including overpayments, underpayments, duplicate payments, and payments made to ineligible recipients or for an ineligible good or service.



Moreover, our work has shown that HUD's program offices are dependent on support from other HUD offices, like the Chief Financial Officer and the Chief Information Officer, and contractors to collect information necessary to estimate improper payments. The coordination between these entities has not been effective in developing and executing a plan to complete the estimation process. In 2024, we urged HUD's leadership to intervene and take action.⁴ To date, HUD has not been able to produce compliant estimates for TBRA or PBRA. Significant effort, including potentially additional staff or contracted services, will be needed for HUD to estimate its improper payments.

Similar data gaps exist in systems HUD uses to administer grant programs that support a wide range of activities for community and economic development, affordable housing development, disaster recovery and mitigation, fair housing investigations and outreach, and homelessness assistance. Many of these systems do not capture data for activities carried out by contractors and grant subrecipients. In addition to coordinating access to data within HUD, HUD also needs to leverage data from other Federal agencies to prevent improper payments from being made. HUD's agreement to match data with Treasury's "Do Not Pay" portal expired in 2019. This is a critical resource for identifying, mitigating, and preventing improper payments to ineligible recipients. Without sufficient data, HUD struggles to monitor and assess whether taxpayer dollars are misspent and if the programs produce the intended results for the beneficiaries.

Detecting and Preventing Fraud

By law, HUD is responsible for designing controls to manage the risks of fraud in its programs. Many of HUD's programs have significant exposure to fraud because of their size, complexity, and heavy reliance on tens of thousands of grantees and non-federal participants who administer the programs on the ground. Concurrently, many HUD programs are designed to provide flexible funding to participants and often delegate to them the responsibility for determining eligibility, overseeing subrecipients, and managing the programs on HUD's behalf. HUD generally expects its grantees to be proactive in identifying and remediating fraud, but HUD OIG has consistently found that HUD grantees have immature fraud risk management programs and are not prepared to prevent, detect, or respond to fraud risks within their programs. As a result, we have stressed the need for HUD to conduct robust fraud risk assessments in each of its programs so that it can develop frameworks to prevent, detect, and respond to fraud, and to assist and hold its participants accountable for managing fraud risks.

To illustrate, we found that the Puerto Rico Department of Housing, which received over \$20 billion from HUD for disaster recovery and mitigation, was reactive in managing fraud risks and did not have many key processes in place to mitigate those risks.⁵ Similarly, we found that the California Department of Housing and Community Development, which had been authorized more than \$319.5 million in Emergency Solutions Grants (ESG) CARES Act program funds (a 2,505 percent funding increase from its formula ESG allocation for FY 2020), was not adequately prepared to manage fraud risks and lacked a

⁴ See [Management Alert: Action Is Needed From HUD Leadership To Resolve Systemic Challenges With Improper Payments](#) (Jan. 23, 2024) and the OIG's report titled [HUD Did Not Comply With the Payment Integrity Information Act of 2019](#) (May 17, 2024).

⁵ [The Puerto Rico Department of Housing Should Enhance Its Fraud Risk Management Practices](#) (Oct. 27, 2023).



focus on these issues in the design of its internal controls.⁶ Notably, we recently reported that the New York City Housing Authority (NYCHA), which provides housing assistance to more than 500,000 New York residents and receives more than 25 percent of low-income rental assistance that HUD provides across the country, had largely reactive antifraud measures.⁷ We initiated the audit assessing NYCHA following the bribery and corruption charges the U.S. Department of Justice (DOJ) brought against 70 NYCHA superintendents related to their involvement in pay-to-play schemes for maintenance contracts in the largest single-day takedown in DOJ's history.

In sum, our oversight has shown that, to detect and prevent fraud, the first and most important action HUD should take is to perform a complete fraud risk assessment of all programs and use the results to develop and implement an agency-wide plan to mitigate those risks.⁸ Doing so will help HUD manage fraud risks proactively and better prevent fraud rather than chase it.

Managing Counterparty Risk

In executing its mortgage insurance programs, the Federal Housing Administration (FHA) relies on mortgage lenders and servicers to provide loans to eligible borrowers and to service the loans in accordance with HUD's requirements. The OIG has identified several important actions FHA can take to reduce the issuance of ineligible loans that result in financial losses to its Mutual Mortgage Insurance Fund. Specifically, the OIG recommended that FHA use several data sources to help determine borrower eligibility. To that end, FHA should strengthen its underwriting processes by implementing Treasury's "Do Not Pay" portal and leveraging federal tax data to prevent ineligible borrowers with delinquent child support, tax debt, and other Federal debt from obtaining FHA-insured loans.⁹ Additionally, since 2014, the OIG has urged HUD to update its Credit Alert Verification Reporting System to provide complete reporting of all ineligible borrowers.¹⁰ Making these improvements will prevent billions of dollars in ineligible loans from being endorsed.

When an FHA-insured loan defaults and the servicer submits a claim, HUD is obligated to reimburse the lender for its losses, including the unpaid principal balance, accrued interest, and certain reasonable costs of the lender during the foreclosure and conveyance process. The OIG has found that HUD paid claims and costs for an estimated 239,000 properties that servicers did not foreclose upon or convey on time.¹¹ Delayed foreclosure and conveyances by servicers cost HUD an estimated \$141.9 million for unreasonable and unnecessary debenture interest on servicers' claims and an estimated \$2.09 billion for servicers' claims for unreasonable and unnecessary holding costs. The OIG also found that HUD paid an estimated \$413 million in unnecessary interest and other costs for pre-foreclosure sale claims after

⁶ [Housing and Community Development Should Improve Its Fraud Risk Management Practices for Its ESG CARES Act Program \(Aug. 2, 2024\)](#).

⁷ [The New York City Housing Authority Should Enhance Its Fraud Risk Management Practices \(March 7, 2025\)](#).

⁸ [Improvements are Needed in HUD's Fraud Risk Management Program \(Oct. 26, 2022\)](#).

⁹ [FHA Insured \\$1.9 Billion in Loans to Borrowers Barred by Federal Requirements \(March 26, 2018\)](#) and [FHA Insured at Least \\$13 Billion in Loans to Ineligible Borrowers With Delinquent Federal Tax Debt \(Sept. 30, 2019\)](#).

¹⁰ [The Data in CAIVRS Did Not Agree with the Data in FHA's Default and Claims System \(July 2, 2014\)](#).

¹¹ [FHA Paid Claims for an Estimated 239,000 Properties That Servicers Did Not Foreclose Upon or Convey on Time \(Oct. 14, 2016\)](#).



lenders failed to complete servicing actions for defaulted loans within established timeframes.¹² Since 2020, HUD has told the OIG that it plans to clarify its servicing requirements to reduce financial losses through a regulatory “Maximum Claim Rule,” but it has not yet published a rule for public notice and comment. Completing this rulemaking would streamline servicing requirements across FHA’s loan programs and will help save billions of dollars paid in unnecessary claims.

Improving Living Conditions in HUD-Assisted Housing

HUD and its partners are responsible for ensuring that HUD-assisted properties are decent, safe, sanitary, and in good repair and that its programs and projects comply with environmental regulations. HUD relies heavily on local housing authorities and landlords to maintain the properties and address health and safety hazards in a timely manner. To ensure that housing providers are abiding by HUD’s standards for quality housing, HUD needs timely, complete, and accurate data, certifications, and other performance information. A gap in oversight at any step in the process leaves HUD-assisted tenants in potentially unhealthy and unsafe living conditions. We have identified that HUD struggles to adequately detect and remediate emergency health and safety deficiencies in properties, and to sufficiently manage the risks presented by lead hazards in its assisted housing.

For example, we have reported that HUD can improve its response to health and safety deficiencies by (1) developing policies and procedures for the timely intake, monitoring, and tracking of complaints related to such deficiencies in multifamily properties, as well as ensuring that timely notices of violation are sent to property owners; (2) improving processes to ensure that public housing properties are inspected in a timely manner; and (3) implementing a nationwide protocol for HUD field office staff describing how they should review PHA self-inspections.¹³ Additionally, as HUD continues to reposition public housing units under the Rental Assistance Demonstration program, it can improve its oversight over converted properties by conducting timely management and occupancy reviews.¹⁴ In taking these steps, HUD will better control the property conditions of the housing it funds.

Lead-based paint and lead-contaminated dust are some of the most hazardous sources of lead for children in the United States, and no safe level of lead in children has been identified. Our work has found several gaps in HUD’s oversight of lead, and we have recommended HUD take action to reduce tenants’ exposure to lead hazards in assisted housing. For example, HUD should require property owners to maintain documentation showing that repairs disturb only *de minimis* areas as required by the Lead Safe Housing Rule.¹⁵ Also, now that HUD has lowered the intervention threshold when a child

¹² [HUD Paid an Estimated \\$413 Million for Unnecessary Preforeclosure Claim Interest and Other Costs Due to Lender Servicing Delays \(Sept. 27, 2018\)](#).

¹³ [HUD Lacked Adequate Oversight of Multifamily Housing Properties With Failing REAC Scores or Life-Threatening Deficiencies \(Feb. 13, 2024\)](#); [HUD’s Office of Multifamily Housing Programs’ Complaint Process Did Not Ensure That Health and Safety Complaints Were Resolved in a Timely Manner \(July 28, 2021\)](#); [Improvements Are Needed To Ensure That Public Housing Properties Are Inspected in a Timely Manner \(May 23, 2023\)](#); and [HUD Can Improve Its Oversight of the Physical Conditions of Public Housing Developments \(May 30, 2023\)](#).

¹⁴ [HUD’s Office of Multifamily Needs To Improve Its Oversight of PBRA and FHA-Insured PBV Properties Converted Under RAD \(Dec. 18, 2024\)](#).

¹⁵ [Management Alert: Action Needed to Ensure That Assisted Property Owners, Including Public Housing Agencies, Comply with the Lead Safe Housing Rule \(Oct. 4, 2022\)](#).



resident has lead in their blood, HUD must put its new rules into practice throughout its rental assistance portfolios.¹⁶ In its Office of Multifamily Housing, HUD should develop and implement an action plan to improve its oversight when there is lead in the water.¹⁷ For public housing, the Office of Public and Indian Housing should determine the number of developments and units that contain lead-based paint and lead-based paint hazards; better ensure that PHAs report and monitor instances of children with elevated blood lead levels; and research and address why there are variances in PHAs' reporting of lead poisonings to HUD.¹⁸

Conclusion

The OIG will continue to dedicate our resources to help HUD strengthen and protect its programs. We will continue working with HUD to manage emerging areas of risk, increase efficiency and effectiveness of its programs, and detect and prevent improper payments, fraud, waste, and abuse. The OIG's dedicated staff stands ready to help HUD successfully accomplish its mission so that our communities receive the critical housing and development assistance they need.

¹⁶ [Improvements are Needed to the U.S. Department of Housing and Urban Development's Processes for Monitoring Elevated Blood Lead Levels and Lead-Based Paint Hazards in Public Housing \(Feb. 28, 2023\)](#).

¹⁷ [HUD Needs To Improve Its Oversight of Lead in the Water of Multifamily Housing Units \(Aug. 21, 2020\)](#).

¹⁸ [HUD Lacked Adequate Oversight of Lead-Based Paint Hazard Remediation in Public Housing \(Oct. 11, 2022\)](#); and [Improvements are Needed to the U.S. Department of Housing and Urban Development's Processes for Monitoring Elevated Blood Lead Levels and Lead-Based Paint Hazards in Public Housing \(Feb. 28, 2023\)](#).

Chairman MEUSER. Thank you, Mr. Begg.

We will now turn to member questions, and the chair will now recognize himself, myself, for 5 minutes.

Mr. Begg, thank you for your very sound and goal-oriented testimony. That is very important. This hearing is very important. HUD is very important. Our goal is to improve the Housing and Urban Development Department, not to—only to point out the problems. Although, we need to point out the problems, the inherent problems, in order to truly focus on where the corrections need to take place. Just keep in mind, this is to be constructive so we can actually make a difference moving forward. That is all of our goals.

Mr. Begg, you are speaking quite a bit about modernizing the IT systems at HUD. I do know something about this, as I mentioned earlier, my previous time in State government. Can you talk about that a little bit more. How will modernizing IT improve the effectiveness, the efficiencies, and as well as the proper allocation of the all-important funds to those who benefit from the HUD program?

Mr. BEGG. Thank you for the question. Modernizing IT across HUD has many potential values, but in terms of effectiveness, many of the systems, as you mentioned, were designed a long time ago. They do not match the current state of programs. They do not capture enough data for HUD to know how well it is performing in its programs and how well its partners are.

So much of the monitoring effort that HUD has to undertake is manual. The information that HUD receives about how grants are being executed, it is difficult to digest for HUD staff. It is inefficient. GAO has pointed out it is confusing and hard for HUD staff to even read the information that comes through, so—

Chairman MEUSER. Do you plan on providing us with some sort of plan on what type of IT systems? Is this something that we can work together on?

Mr. BEGG. Absolutely.

Chairman MEUSER. Because it is very important, I think. If you would not mind, Mr. Begg, just speak up a little bit more, if you would not mind, or lean closer to the mic.

Mr. BEGG. Sure.

Chairman MEUSER. So, your 2024 report highlights that HUD cannot produce reliable estimates of improper payments. This is a real problem, because we have over \$100 billion, \$150 billion, over \$200 billion, according to the GAO, not just from HUD, of course, but government across all departments.

You had in 2017, the last time a report was done was \$1.7 billion, which after the 4 years of high inflation, \$2.2 billion adjusted for inflation today. Are we working on something to resume this reporting, and if not, what is the main barrier to providing such reports?

Mr. BEGG. We are working closely with HUD on finding a solution. The key here is technology and collecting the data. The information that is needed is local rent payment data that is managed in a distributed way across the Nation. HUD has to manually collect it to do that. Technology is the key to solving that problem.

Chairman MEUSER. Okay. Thank you.

Mr. BEGG. We will—

Chairman MEUSER. What penalties, for those who have mis-managed funds, fail to report funds, or defraud our government, our taxpayers, are being instituted at the present time?

Mr. BEGG. The options in terms of penalties from a regulatory perspective include HUD can issue corrective action orders that become part of their contracts with housing authorities. They can require them to repay funds with non-Federal funding.

Chairman MEUSER. Would these IT systems and other solutions you have, would that have prevented the theft and corruption at the New York City Housing Authority that led to 70 bribery charges in a single day? Did you find that level of prosecution acceptable?

Mr. BEGG. We are certainly pleased with the prosecutorial results of that investigative work, which we played a big part in. To say that technology could solve for that, I cannot say it would go that far. It could go a long way in detecting and giving a chance to prevent.

Chairman MEUSER. Okay. Do grantees and public housing authorities currently have to submit any type of fraud prevention plan before receiving HUD funds?

Mr. BEGG. I do not believe so.

Chairman MEUSER. Okay. Is that something you might consider?

Mr. BEGG. We would see that as very valuable.

Chairman MEUSER. Okay. Last month, I introduced the Payment Information Integrity Reform Act, which requires Federal agencies to create stronger financial management plans to reduce payment errors, creates an overpayment czar at the Office of Management and Budget (OMB), and lays out penalties for agencies that consistently fail to follow payment integrity laws. Do you think these changes would drive faster reform at HUD?

Mr. BEGG. We do. Many of the requirements as proposed match with recommendations that our office and GAO have made for strengthening Federal programs against fraud, so we do.

Chairman MEUSER. Great.

Over the past 4 years, I mentioned in my beginning testimony that the funding from HUD went from \$45 billion to \$78 billion. Did that have any sort of ratio to improvements at HUD?

Mr. BEGG. HUD has made a number of improvements across the board. That is a direct result of some of the funding, but the funding does increase the risk for—

Chairman MEUSER. My time has expired. Thank you, Mr. Beggs.

I now call on the ranking member of the full committee, Ms. Waters, for 5 minutes of questions.

Ms. WATERS. Thank you very much.

I am going to quickly try and get a couple of questions in. Could you tell me, how did DOGE come into HUD? Did they come in with employees? Did they have a previous meeting? Did they have analysis of what was going on with HUD? Who did they talk to, and how did they get the records? Quickly.

Mr. BEGG. Thank you for the question, ma'am. It is my understanding that the HUD DOGE lead and DOGE team members have met with many program officers, possibly all of them. In terms of how they have obtained access, I do not know how those deter-

minations have been made, but I understand that they are working closely with program staff across the Department to——

Ms. WATERS. How many program officers are you talking about?

Mr. BEGG. I cannot say definitively, but it is my understanding that they are working with all program officers.

Ms. WATERS. When did that start, before or after the inauguration?

Mr. BEGG. I cannot say for certain.

Ms. WATERS. You do not know?

Mr. BEGG. I do not know the specific date.

Ms. WATERS. What and how did they access to the records?

Mr. BEGG. It is my understanding that the HUD DOGE team personnel have been assigned to be employees of HUD, and so they can be granted access to HUD systems like any other HUD employee——

Ms. WATERS. Who granted access?

Mr. BEGG. I do not know specifically who granted access.

Ms. WATERS. Was there some authorization by HUD personnel for them to do what they were doing?

Mr. BEGG. There would have to be an authorization from the system owners at HUD to grant access.

Ms. WATERS. Did this authorization take place?

Mr. BEGG. I believe so.

Ms. WATERS. But, do you know so?so?

Mr. BEGG. I do not know specifically when it occurred or who authorized it.

Ms. WATERS. Okay. All right. So, we do not know how they operate, because it says, we understand they have been delegated authorities by HUD personnel to illegally withhold and claw back housing funds appropriated by Congress. Do you know about that?

Mr. BEGG. I am sorry, could you repeat that question?

Ms. WATERS. According to court documents, the Trump Administration claims that DOGE had been delegated authorities by HUD personnel to illegally withhold and claw back housing funds appropriated by Congress. Do you know about that?

Mr. BEGG. With respect to the delegations, that sounds consistent with my answer before. That would make sense that HUD personnel would authorize DOGE personnel——

Ms. WATERS. It would make sense. Was it done?

Mr. BEGG. I am sorry.

Ms. WATERS. Was there authorization by something, somebody, some people?

Mr. BEGG. That would be the process by which——

Ms. WATERS. I beg your pardon?

Mr. BEGG. The process by which DOGE personnel would get access to a system would come from a delegation.

Ms. WATERS. What is the process? For example, would they talk with the existing CEO of HUD, the second in charge, the third in charge? How does that work?

Mr. BEGG. I cannot say specifically who gave the authorizations. The delegations would flow down from the Secretary to senior officials at HUD.

Ms. WATERS. Since you have been named, have you investigated what authorizations each DOGE staffer has been granted and who granted the authorizations?

Mr. BEGG. We have not reviewed that.

Ms. WATERS. Whether those grants have authority, adhered to Federal law, have you examined that?

Mr. BEGG. We have not.

Ms. WATERS. The lack of oversight of DOGE actions and process is deeply concerning and inherently inefficient. Based on what you have learned since you have been there, for a short period of time, are you concerned at all about the funding process and whether or not those who are eligible for funding the programs all over the country are being undermined in some way?

Mr. BEGG. We are absolutely monitoring the situation. It is currently in litigation. We are tracking the situation. We communicate with HUD leadership about it regularly. We are monitoring the situation for sure.

Ms. WATERS. What do you plan on doing now, in your job?

Mr. BEGG. What we focus on right now as decisions are being made is communicating regularly with HUD leadership, career and political staff, about the need to maintain capacity across the Department. I mentioned in my opening statement, capacity has been a struggle for a long time, and any adjustments to the programs and the staff should—

Ms. WATERS. You have served as deputy for a long time or something?

Mr. BEGG. Since 2020.

Ms. WATERS. Did Elon Musk come and talk to you?

Mr. BEGG. I have not spoken to Mr. Musk.

Ms. WATERS. Did he come to HUD?

Mr. BEGG. I cannot say for sure. I have not seen him in the building.

Ms. WATERS. Who did he delegate to talk to you?

Mr. BEGG. There is a HUD DOGE team lead.

Ms. WATERS. I yield back.

Chairman MEUSER. The gentlelady yields back.

The gentleman from Arkansas, Chairman Hill, is now recognized for 5 minutes.

Chairman HILL. Thank you, Chairman.

Again, Acting Inspector General, thank you for being with us today.

As I noted in my opening comments, the Metropolitan Housing Alliance in Little Rock has faced significant financial mismanagement, failing property conditions, and leadership instability for years. As chairman, ensuring HUD works for the American people and not against the American people is a priority for me. HUD has been long aware of the mismanagement at the Metropolitan Housing Authority, and yet, issues persist. How, in your view, should HUD engage with troubled public housing authorities like the one in my district?

Mr. BEGG. Thank you for the question. Oversight of troubled housing authorities is a very challenging endeavor, and the best answer to your question is engaging with housing authorities before they become troubled. When housing authorities become sub-

standard, really working with them closely to avoid a scenario where they get into a troubled status, because it is very hard to get out of it once you are in it.

Chairman HILL. Yes. In other words, trying to be proactive at the local office and the regional office, in your view is—should be a priority. In your view, has that been a systemic problem at HUD? How many troubled—how many public housing agencies are classified as troubled by HUD?

Mr. BEGG. I do not have the number off the top of my head, but I do not believe it is a substantial number compared to the overall footprint of over 3,000 housing authorities. What you have said about my view on the topic is correct.

Chairman HILL. How should new HUD leadership—and every time we have a new HUD Secretary, we have a new way to turn the page and do it differently—if you are advising Secretary Turner, how can he achieve that proactive approach, and how could we see better enforcement of housing rules by, again, the local HUD office versus—or a regional office?

Mr. BEGG. Again, it starts with systems. The current systems that HUD uses to manage its public entity and housing portfolio lack key data inputs. They rely on self-certification from housing authorities, and the information that is available to HUD to monitor them is challenging to work with. Enhancing those systems, getting better data in real time, would allow HUD staff a better chance of working with more housing authorities to avoid a scenario where they become troubled, because the staff is limited in capacity on how many housing authorities they can really dedicate time to.

Chairman HILL. Do you find that HUD's approach, in addition to being slow, is too deferential to the local housing authority to try to solve its—essentially try to solve its own problem, and therefore, they are just letting it fester with the local officials not hearing directly from Federal oversight?

Mr. BEGG. I do not know if it is deferential as much as a true capacity challenge. There are so many issues in the portfolio, both in the physical conditions of property and then the execution of the programs that I do not think there are enough people to work with all the housing authorities, and there is not enough information available to them to do it efficiently.

Mr. BEGG. If I told you a particular multifamily housing complex that took Section 8 vouchers, who was routinely failing local property code inspections, routinely the site of police multiple times a week pursuing criminal activity, and that the local housing authority, the local HUD office consistently let that owner have access to the Section 8 voucher program, would that concern you?

Mr. BEGG. Yes, but unfortunately it is a common occurrence. The affordable housing supply is in such a shortage that many times, the HUD staff is forced to try to find alternatives that do not exist and so, sometimes the best option is to try to continue to work out of the scenario. Sometimes they work it out, and sometimes they do not.

Chairman HILL. Well, here it was an outrage by the local City Council that nothing was done at the Metropolitan Housing Authority, nothing was done at HUD, and nothing was done at the

Fort Worth regional office. Finally, the State Attorney General had to take action and bring criminal charges against the land owner in this case, and there was an \$11 million judgment. I think that is a situation run amuck. I think all this could have been stopped by just the most basic oversight with bad systems or not. We look forward to working with you on how to improve accountability at HUD.

I thank the Chairman, and I yield back.

Chairman MEUSER. The gentleman yields.

The gentlewoman from Georgia, Ms. Williams, is now recognized for 5 minutes.

Ms. WILLIAMS of Georgia. Thank you, Chairman Meuser and Ranking Member Green.

Under former HUD Secretary Marcia Fudge, you all HUD's mission was very clear: Create strong, sustainable, inclusive communities, and quality, affordable homes for all. I am curious today, exactly what part of that mission statement are President Trump and his billionaire buddy against? Let us start with the part about building strong, sustainable, inclusive communities. How is Trump and Musk building on this with firing so many HUD staff that it cannot even carry out its statutory requirements?

Trump and Musk are illegally firing hundreds of HUD staff, including Trump's own former HUD Inspector General, and closing critically needed field offices. All of this is happening when I know, just as my Republican colleagues know, just as our witness said today, that we still face a housing affordability and availability crisis in this country.

This is not about cutting waste, because that is something that we can all agree on. You should see how I pinch a penny in my monthly budget. My husband will let you know, and my son, who wants to shop all the time, but we just cannot. So, we get that.

This is about destroying and dismantling HUD while our communities back home are left to suffer these disastrous decisions of Trump and Musk that my Republican colleagues are enabling. This is the exact opposite of what HUD was doing under the leadership of Democratic former Secretary Marcia Fudge.

How about the next part of HUD's former mission statement, creating quality, affordable homes for all. With the reckless Trump tariffs taxing hardworking Americans and massive cuts to Federal housing, the Trump-Musk Administration is making housing even more unaffordable for folks back home while giving tax cuts to billionaires.

The bottom line is, Trump is prioritizing his billionaire buddies and personal vendettas over what is right for the household budgets of hardworking American families. To sum it all up, Trump and Musk are only trying to widen the racial wealth gap and increase housing insecurity for families and communities across the country that we were all sent here to represent. The only way that we are going to stop this is—stop them from making American families pay for billionaire tax cuts as if we expose them, and then, together, Democrats and Republicans must demand better from our government. Let us do that today.

Mr. Beggs, Elon Musk and DOGE gained access to the personal confidential data of the American people through government data

bases. DOGE gained access to HUD's enforcement management system, which contains medical records, financial files, Social Security numbers, medical details, and the addresses of domestic violence survivors. What controls does HUD have in place to protect the data of the people of America from private entities seeking to exploit the data for their own personal and private gain?

Mr. BEGG. Thank you for the question. In general, the data that you are mentioning is protected from improper disclosure under the Privacy Act. That is the primary legal control in place. HUD has a number of information security controls within its information security program that are designed to ensure that information is not improperly released—

Ms. WILLIAMS of Georgia. Mr. Begg, who is enforcing that?

Mr. BEGG. That would be the Chief Information Officer.

Ms. WILLIAMS of Georgia. Do you have safeguards in place? Have you been aware that this data is being secured by the Chief Information Officer?

Mr. BEGG. We do an annual review of their information security program.

Ms. WILLIAMS of Georgia. So, that has not yet been done since January 20th?

Mr. BEGG. It is ongoing. So, it would be—our review would include any—and it would look to identify any improper disclosures or removals of information from HUD systems.

Ms. WILLIAMS of Georgia. That is just one of the many concerns that I am hearing about from constituents back home since January 20th.

Another concern that I am hearing a lot about is canceled HUD contracts. The city of Atlanta, which is in my district, has one of the widest racial wealth gaps in the country, and many of my constituents rely on HUD to help them just get a jump start.

Mr. Begg, there are multiple fair housing advocates in my district, all of whom have shared concerns about DOGE's cuts at the Office of Fair Housing and Equal Opportunity. One example is the fair housing initiative program grant termination. On the night of February 27, 2025, HUD sent notices terminating 78 grant contracts effective immediately. These canceled contracts severely impacted communities and their longtime work to enforce the Fair Housing Act protecting seniors, veterans, survivors of domestic violence, families with children, people of color and faith, LGBTQ+ individuals, underserved rural communities, and other people who have been victims of housing discrimination.

Mr. Begg, can you speak to the contract agreements or activities relating to fair housing that have been canceled, or are being considered for cancellation?

Mr. BEGG. The cancellations are currently subject of litigation, and so what we are doing right now is monitoring the litigation to see what the outcome would be.

Ms. WILLIAMS of Georgia. Mr. Begg, I am sorry. My time has expired, but I would love an answer to this in writing. Thank you, Mr. Chairman, and I yield back.

[The information referred to was not received prior to printing.]

Chairman MEUSER. The gentlelady's time has expired. The gentlelady yields back.

The gentleman from Georgia, Mr. Loudermilk, is now recognized for 5 minutes.

Mr. LOUDERMILK. Well, thank you, Mr. Chairman.

Mr. Begg, thank you for being here today. We are in interesting times in this country, and one thing in the 10 years that I have been in Congress I have learned is that this city and the government loves status quo. Part of the status quo is a lot of times turning your head to a problem or sticking your head in the sand and just ignoring it. As over the past 10 years, one of my priorities has been finding areas of waste and fraud within our government, and that has been a priority of this administration. That has upended the status quo and has a lot of people uncomfortable, but they should be.

One thing that I have learned is, through my 10 years in Congress, we have uncovered a lot of areas of fraud and waste, but they still exist today because we are handcuffed by our own laws that we cannot get rid of the perpetrators of fraud and waste because they are protected.

That is why I have introduced again for the sixth or—yes, 6 years now, the Model Employee Reinvestment for Ill-advised Termination (MERIT) Act, which would reform our employment laws and policies in the Federal Government to allow for a reasonable time of termination of bad employees, not the current 24 to 48 months. I just bring that up because, regardless of what you find or what we find, unless we can get rid of those who are doing the wasteful spending of taxpayer dollars, we are never going to do anything. What this city is good of is doing oversight and reports and rarely fixing problems.

Mr. Begg, HUD Secretary Turner, recently announced the creation of a DOGE task force to help uncover the waste, fraud, and abuse that we all want to get rid of. What is the relationship with this task force to your office in the HUD IG?

Mr. BEGG. We have coordinated at a high level with the HUD DOGE lead and offered to collaborate on combating fraud, waste, and abuse in the Department. We have offered examples of significant open HUD recommendations that, if action was taken on them, would generate significant cost savings. We have been communicative with the HUD DOGE team lead and the HUD leadership about our interest in working together to prevent fraud, waste, and abuse.

Mr. LOUDERMILK. Thank you. Can you explain the difference between fraud and fraud risk?

Mr. BEGG. Fraud is something—potential fraud and fraud risk is something that can be identified in data but verifying it and validating it and then adjudicating it in court requires human effort beyond just a data exercise.

Mr. LOUDERMILK. How severe is fraud risk at HUD?

Mr. BEGG. It is significant. Many of HUD's programs are decentralized in terms of how the money moves, so it moves from HUD to a grantee, to a subgrantee, to a contractor. Each time it goes through a layer, the risk of improper payments and fraud increases.

Mr. LOUDERMILK. So, how does that compare with the actual instances of fraud that you have seen?

Mr. BEGG. It is hard to say. In some instances, we are asking to prove a negative here because we are not able to quantify the things that we do not know about, and without data sources for us to test against, and to really come up with good estimates, which HUD has been unable to do for a long time, it is hard for us to quantify how much is out there that we are not able to see.

Mr. LOUDERMILK. Is HUD responsible for mitigating fraud within its programs, or is fraud risk management largely delegated to the public housing authorities?

Mr. BEGG. HUD is responsible, we believe, under the law for managing fraud risk in its programs and responsible for ensuring that its grantees have strong fraud risk management programs as well.

Mr. LOUDERMILK. Okay. Over the years, HUD has struggled to incorporate common sense accountability measures into its programs. Why is that?

Mr. BEGG. That is a good question. I think that the folks who are operating the programs at HUD are doing their best to incorporate those commonsense approaches, but many of the programs are designed for flexibility. Anytime flexibility is introduced in the use of funding it creates opportunities for it to be misused. It is a difficult balance between flexible grant programs for the communities and trying to put internal controls in place to make sure that the money is spent appropriately, but we think more can be done on the control side.

Mr. LOUDERMILK. What else can HUD do to mitigate fraud risk?

Mr. BEGG. The first step, like I mentioned, is assessing each program for fraud—and this is a basic concept—just sit down with the people who run the program, get in front of a whiteboard and say, If I wanted to steal from it, how would I do it? You list it all out. We could be part of that discussion as well. We investigate and help prosecute cases, and then think about how can you stop it within your program, what systems do you have in place? What potential controls are there to mitigate it? Test those and start the cycle over again.

Mr. LOUDERMILK. All right. Thank you.

My time has run out. I yield back.

Chairman MEUSER. The gentleman yields.

The gentleman from California, Mr. Liccardo, is now recognized for 5 minutes.

Mr. LICCARDO. Thank you, Mr. Chair.

Mr. Begg, thank you for coming to testify today. The purpose—the function of your office, Office of Inspector General is, fair to say, primarily to help identify waste, fraud, and abuse so they can be rectified, and to ensure the Department follows the law in executing its mission. Is that fair?

Mr. BEGG. That is correct. I would add to that, we also have a big emphasis on making recommendations to make programs more efficient and effective.

Mr. LICCARDO. As part of these recommendations, you present semiannual reports to Congress, and, I think, based on your written testimony, quite a lot of work had been done over the last year, in Fiscal Year '24. For example, your work resulted—I say, “your work,” the work of your office resulted in almost \$87 million in col-

lections, identifying nearly \$1 billion in funds that could be put to better use. Is that fair?

Mr. BEGG. That is correct.

Mr. LICCARDO. Your investigations resulted in more than \$63 million in restitution, more than \$14 million in total recoveries, and in 125 administrative sanctions to remove or limit bad actors from participation in HUD programs?

Mr. BEGG. That is correct.

Mr. LICCARDO. You had identified 278 HUD actions that produced systemic benefits for the programs, participants and beneficiaries. Is that fair?

Mr. BEGG. Yes.

Mr. LICCARDO. Well, thank you for all that great work. That work was done, certainly, not just by you, but by others in the office and, of course, by your predecessor. I know you are the acting, but the predecessor Inspector General is Ray Davis. Is that right?

Mr. BEGG. That is correct. Our team in HUD OIG does the work, not me.

Mr. LICCARDO. When the executive branch, in this case HUD, does not follow the law, what typically should happen? What are the remedies, the Inspector General's involvement?

Mr. BEGG. It depends on the context. In a scenario where someone is not following the law and violating criminal provisions, we would work with the Department of Justice to prosecute bad actors. In an instance where the Department might not be following the law, the Payment Information Integrity Act, that noncompliance results in reporting requirements to Congress. We publicly report their noncompliance. They are required to work with OMB on corrective action, so it really depends on the context.

Mr. LICCARDO. There is a sanction. There is a consequence.

Mr. BEGG. Yes.

Mr. LICCARDO. Now, you became the Acting Inspector General on January 24th. Is that right?

Mr. BEGG. Correct.

Mr. LICCARDO. President Trump became President on January 20th. Is that fair?

Mr. BEGG. Yes.

Mr. LICCARDO. You took this role 4 days after President Trump took office because Ray Davis was fired by President Trump?

Mr. BEGG. That is right.

Mr. LICCARDO. Now, Federal law requires the President to follow a process when terminating the Inspector General. Senator Grassley, as I understand it, Republican Senator, authored an amendment that was approved by Congress to mandate that the President provide Congress 30 days advance notice before terminating inspector generals. Is that right?

Mr. BEGG. That is correct.

Mr. LICCARDO. That notice would include written in detailed communication about the rationale for the termination?

Mr. BEGG. That is right.

Mr. LICCARDO. Why would there need to be protections in place from the politicization of the termination of an inspector general?

Mr. BEGG. I believe the genesis of those protections was designed to protect the independence of offices of inspector general.

Mr. LICCARDO. That independence is incredibly important for you to do your job and detect waste, fraud, and abuse, identify conflicts of interest, and the like?

Mr. BEGG. Absolutely. It is the backbone of what we do.

Mr. LICCARDO. Did the President follow the law in this case?

Mr. BEGG. The notices were not provided consistently with the law, which is my understanding.

Mr. LICCARDO. I know Chairman Hill raised a lot of important issues with regard to poor maintenance at public housing. I think that has been well-detailed in the media and I think in every community. There has been a lot of discussion on that. That maintenance is paid for by a capital fund. Is that right?

Mr. BEGG. Yes.

Mr. LICCARDO. That is allocated by Congress, that funding. Is that fair?

Mr. BEGG. Yes.

Mr. LICCARDO. I believe that 10 months ago, the National Association of Housing and Redevelopment Officials increased its estimate of the backlog repairs needed for existing public housing stock from \$70 billion to \$90 billion, in its words, all due to Congress chronically underfunding the public housing capital fund. Are you aware of that?

Mr. BEGG. I am aware of the report and the figures.

Mr. LICCARDO. In your view, is the disrepair and poor maintenance, while, undoubtedly, there is plenty of waste, fraud, and abuse in this agency and any other, is it primarily the result of waste or underfunding?

Mr. BEGG. The need for funding is certainly an important contributing factor in this scenario. The funding has not kept pace with the needs, and so the critical problems that generate long-term physical condition issues at properties have not been addressed. You can paint the mold on the wall, but if you do not fix—

Chairman MEUSER. The gentleman's time has expired.

Mr. LICCARDO. Thank you. I yield.

Chairman MEUSER. The gentleman yields.

The gentleman from North Carolina, Mr. Moore, is now recognized for 5 minutes.

Mr. MOORE. Thank you, Mr. Chairman.

Mr. Begg, thank you for coming before the committee today.

I have a slightly different series of questions than some of the folks who have spoken already. Back last September, Western North Carolina was significantly impacted by Hurricane Helene. The estimates are, in our State alone, roughly \$80 billion in damage. Families and businesses lost everything because of where this happened. Most folks did not have any kind of flood insurance of any kind. Estimates are indicating that it could be around \$15 billion needed for housing assistance and recovery alone, so just an absolutely immense amount.

I can tell you that after the aftermath, I witnessed, firsthand, the resilience of the folks in my district and throughout Western North Carolina. Our State legislature that I was a member of last year, stepped up and provided some amazing relief to get funds out there and resources out there to help deal with this catastrophe. I have

got to say, folks in North Carolina stepped out in a significant way to help one another, and folks from outside the State, volunteers, you name it.

One of the questions that kept coming up and where folks were scratching their heads was the Federal response. I have to say that the Federal response, prior to this year, was very lacking, particularly as it pertains to HUD and on the housing side. A lot of folks were not being told exactly what to expect. They were getting, I guess, for lack of a better word, the runaround. They were not even sure what resources were being made available. There were folks having their temporary housing potentially going to be cutoff, I mean, just a lot of really bad things.

I do have to say that after the new administration came in a lot of that has significantly improved, although it is not perfect, but it has improved, so we do appreciate that. The Department of Housing and Urban Development Community Development Block Grant Disaster Recovery Program is going to be a critical part of our long-term recovery.

One of the things though that—and I do not fully understand it frankly, as a Member of Congress, is the formula that HUD uses to determine the Community Development Block Grant Disaster Recovery (CDBG-DR) allocations, as far as I know, that may not even be public. What—I guess that sort of fuels a number of questions. One is, what vulnerabilities to fraud or abuse are created by the lack of transparency in this allocation process?

Mr. BEGG. With respect to the allocation process, I am not sure that we have studied how it contributes to potential fraud, waste, and abuse. There are a number of things that do contribute to that in the disaster program, but we have not examined the allocation as a contributor to that.

Mr. MOORE. Would you believe that it is essential that the CDBG-DR money is spent in helping these communities recover?

Mr. BEGG. Absolutely.

Mr. MOORE. In January 2024—of course, this is before your time—the HUD OIG launched an audit to determine whether four community development block grant disaster recovery grantees had made improper payments. According to you-all's office, the grantees have budgeted more than \$904 million, and it spent almost \$356 million on completed and underway match activities.

Why did—do you know—again, this is before your time, but—I do not know if you had a chance to look—why did their spending raise red flags?

Mr. BEGG. I was the Deputy Inspector General when we launched the audits, so I am familiar with it. The match program allows grantees to use HUD funding to contribute their match portion with other Federal programs. The concern that we have is that HUD does not require grantees to report to them or track how they use match funds.

In our examination, we have seen instances where if the match requirement is 90 percent Federal Emergency Management Agency (FEMA), 10 percent on the grantee, there are instances frequently where we see 90 percent FEMA, 90 percent HUD. So, grantees are not tracking it. They are not reporting it to HUD. HUD is not able to monitor it. The data system does not capture it. That is our con-

cern that HUD funding is just being wasted above the amount that has been authorized.

Mr. MOORE. I guess, like, what kinds of payments is your office looking to identify and remedy?

Mr. BEGG. It would be those that are above the match cap. Those are technically improper payments in our view.

Mr. MOORE. Okay. You shared the status of that audit?

Mr. BEGG. We are in the process of issuing a report in that audit. We believe it will be in the coming months. We issued an interim report when we identified the lack of tracking to flag that issue for HUD, because we thought they needed to take action on it immediately, but we will be issuing another report on the review soon.

Mr. MOORE. Thank you, sir.

I yield back, Mr. Chairman.

Chairman MEUSER. The gentleman yields.

The gentleman from Florida, Mr. Haridopolos, is now recognized for 5 minutes.

Mr. HARIDOPOLOS. Thank you, Mr. Chairman and thank you, Mr. Begg, for coming today. We appreciate your candor and these answers as we fire them at you right away.

I think the area that I want to get into in the report is the frustration that these incidents, let us just say at least of curiosity or concern, usually go unaddressed. It has got to be frustrating in your role that you make a solid recommendation, and then no one ever follows up on the darn thing.

I am excited about what DOGE has done. It gives even more opportunity to put sunshine on some of these matters, and maybe can make your job easier, to make sure those reforms get to the folks who want to buy a house or get in a better living condition can make use of the good programs that are available as opposed to the fraudsters, who unfortunately take advantage of the system.

Let me ask you a very wide open question that you might have gotten into earlier. Can you give a number or estimate how many high-priority recommendations still remain open or unimplemented after the recommendations were made by your group to HUD?

Mr. BEGG. Yes. We issued our priority open recommendations report for 2024 last year, and of the 35 we identified, I believe, 24 remain open. We are in the process of updating that report and issuing a new one here in the next coming weeks, but the number will be in that 20, 30 zone.

Mr. HARIDOPOLOS. Then if you could give a little color to the ones that were, quote, addressed. Did we see savings there or did we see arrests made if fraud was conducted? What were the results of the ones that were, quote, addressed?

Mr. BEGG. The recommendations that we are referencing are programmatic in nature. We have seen enhancements in information security. We have seen HUD's rental assistance program offices take action to clarify guidance, to put protocols in place, to better track health and safety issues. It is those types of issues that we are seeing.

Mr. HARIDOPOLOS. With that in mind, too, as a former businessperson myself, return of investment (ROI) is what we always look at—where do you get the most bang for the buck. The idea is that, is there one that—some of these recommendations that

would yield the most results in twofold. One is, of course, savings. Of course, we are all looking for that given the budget shortfalls, but the other, more importantly, is to assist folks who truly need it and make sure the fraudsters are kind of addressed.

That said, which one of these recommendations would you put at the top of the list where you would get the most benefit so that we can kind of focus on that as opposed to just looking at a number, this last case being 35?

Mr. BEGG. Sure. I will give a twofold answer since you posed it two ways. In terms of fraud prevention, one of our priority open recommendations is creating stronger fraud risk management assessments across HUD's programs. If HUD starts the process of assessing those risks and builds prevention into its programs, that will reduce the negative impacts fraud has on its programs.

With respect to financial recoveries, we did a review of how many people obtained Federal Housing Administration (FHA)-insured loans who had delinquent Federal tax debt. In a 1-year period, we estimated that \$13 billion in FHA loans went to ineligible borrowers with Federal tax debt, which would translate, in our view, to roughly a \$6 billion monetary impact if you factor in the average loss rate for FHA on a mortgage. Taking action to obtain the tax information needed to prevent those ineligible borrowers from getting the loans in the first place could have a huge impact on HUD's mutual mortgage insurance fund.

Mr. HARIDOPOLOS. With that in mind, Mr. Begg, whose fault was it that these were approved in the first place? Was it a fraudulent application, or was it the actions of the folks working at HUD who made a mistake?

Mr. BEGG. It is hard to say. Our review examined how many folks with delinquent Federal tax debt obtained loans. The reason, or the State of mind they had in obtaining those loans, we did not examine. What needs to happen is HUD either needs to obtain that information, and HUD, I believe, it may require congressional authority to get that information from the Internal Revenue Service (IRS), or it needs to require mortgage lenders to obtain that in their review of the applications.

Mr. HARIDOPOLOS. I will just close with this, Mr. Chairman: I think the frustration a lot of folks feel is that they feel like their resources are there, the missed allocation of funds to put it simply. Whether it be with Medicaid, HUD, so many vital programs where people are truly in need, it could be the disabled or folks in nursing homes, in the Medicaid world, or in this case, folks who are just getting on their feet and they are doing the right thing, they do it lawfully, but the folks who break the law never suffer a penalty.

At some point when people are either knowingly breaking the law, and it was shown by fact pattern, we need to put proverbially someone in handcuffs and say you are not going to defraud the United States anymore. I think that the IG report needs to focus on is simply who are the worst actors and the folks who are breaking the law. They are denying people benefits let alone defrauding taxpayers.

I am glad to see you lead this charge, Mr. Chairman, and I appreciate you bringing the witness forth.

Chairman MEUSER. I thank the gentleman for his comments. Well assessed. The gentleman yields.

I now recognize the gentlewoman from Michigan, Ms. Tlaib, for 5 minutes.

Ms. TLAIB. Thank you so much, Chairman.

Thank you, Acting Inspector General, for being here. I think a lot of us have a lot of questions. I come from Detroit, the most beautiful, blackest city in the country. We used to have 70 percent homeownership. It was one of the most thriving communities where many Black families would come, create careers out of the auto industry, and so much more.

I want to get straight at it. Mr. Begg, this is important for my constituents at home. You are a public servant now. Understand. You really do work for the American people. Even as you have somebody that appoints you, you still have a duty and responsibility to the American people, people we represent.

Under what authority can the administration withhold funding that has already been appropriated by Congress?

Mr. BEGG. Thank you for the question. I am not aware of an authority that an administration would be able to use to withhold funding that has been appropriated by Congress.

Ms. TLAIB. Okay. The Trump Administration just terminated \$60 million in Section 4 funding. Are you familiar with that?

Mr. BEGG. Yes.

Ms. TLAIB. Acting Inspector, this funding supports my district. Grandmont Rosedale Development Corporation relies heavily on Section 4 funding for years. Many of my seasoned residents who are on fixed income—right—as the prices of—as the housing crisis just continues to exacerbate, they rely, again, on organizations like that and being able to access that funding. Section 4 funding—canceling Section 4 funding threatens hundreds of housing projects around our Nation right now.

It is mind-boggling, though, to me from—Elon Musk and DOGE have reportedly called cutting the Fair Housing and Equal Opportunity (FHEO) staff by 77 percent. That is from 572 employees down to 134 people.

I have been here now going on 7 years, and one of the things that continues to come out in the previous Office of Inspector General report from 2024 is that the primary obstacle to timely completion of any investigations was limited staffing. Limited staffing, and I see that a lot. I always see people attacking the Social Security office, attacking the Postal Service, but when it came down to it, it was about the lack of capacity to deal with the rise and, of course, the need for many of our community members.

Mr. Begg, if the Office of Fair Housing and Equal Opportunity was already struggling to meet its statutory requirements—Mr. Begg, statutory requirements—Okay—for the Fair Housing and Equal Opportunity was already struggling, right? From existing staff, how can it effectively uphold fair housing laws with the face of 77 percent staffing cuts?

Mr. BEGG. A 77 percent staffing cut is significant. As you mentioned, we highlight it in our report—in our top management challenges report and in our report on the 100-day investigation report.

Ms. TLAIB. Have you started an investigation into the mass layoffs or firings?

Mr. BEGG. We have not started an investigation related to—

Ms. TLAIB. I think you should.

Mr. BEGG [continuing]. layoffs and firings.

Ms. TLAIB. I think you should find out and really investigate into the firings and how that impacts the statutory requirement laws for the Fair Housing and Equal Opportunity division.

Mr. BEGG. What I can say we have been doing is communicating with HUD leadership regularly and consistently about the status of the planned reductions and voicing our—advocating for those decisions to be carefully considered and, for any decision that is made to reduce HUD's footprint, to take into account the need for capacity in each program and the challenges that already exist for capacity. We are having those conversations regularly, and HUD leadership has been receptive to the information we are bringing to them, and we are monitoring decisions that have not been made yet in many instances and looking for opportunities.

Ms. TLAIB. I do not know. My residents cannot stop living. Like, we cannot wait. These are programs, again, appropriated by Congress. Like, I do not understand. They do not have time to wait until we can kind of have a good conversation with the administration. Either follow the law or do not, right? I say that, again, we need to move with a lot more urgency and understanding that laws are being—this lawlessness, this recklessness, it will impact our residents.

Really quick in February, when Secretary Turner announced the creation of a DOGE task force at HUD, he charged it with eliminating fraud, waste, and abuse, as you probably are familiar. So, Mr. Beggs, how are DOGE's activities not redundant with the activities and purpose at your office? Is not that what you do?

Mr. BEGG. It is what we do.

Ms. TLAIB. So, is he doing your job?

Mr. BEGG. He is not doing our job. We are doing our job.

Ms. TLAIB. So, why is DOGE trying to do your job right now?

Mr. BEGG. I cannot speak for the administration—

Ms. TLAIB. That is right.

Mr. BEGG [continuing]. or the Department or DOGE, but—

Ms. TLAIB. I just need my colleagues to understand the depth of what is going on here. It is reckless and it is incredibly hurtful for many families.

With that, I yield, Mr. Chair.

Chairman MEUSER. The gentlelady yields.

The gentlewoman from Texas, Ms. De La Cruz, is now recognized for 5 minutes.

Ms. DE LA CRUZ. Thank you, Mr. Chairman, and thank you for allowing me to waive on to this hearing. This is a very important topic, HUD. As the Vice Chair of Housing and Insurance Subcommittee, efficiency and a properly functioning HUD is of great importance and very important to me.

In my district, HUD housing is something that we have in all of my district. Efficiency, identifying fraud, waste, and abuse, as you have done so—and thank you for your very candid response. In fact, some of the things that I heard is that you and your team

have identified several areas where we can cut back on fraud, waste, and abuse. What was concerning to me is that you had, in 2025, high-priority items—35 of them—which, at the end of the year, 24 approximately were still open.

When I looked at your office and the fact that the IG had not been—the OIG had not been forced to testify in front of Congress and that it had been 5 years since we had heard from your team about the fraud, waste, and abuse, I thought to myself, well, that is just unacceptable. As a small business owner myself, I regularly have meetings with my employees to say, where are you at? What is the temperature? What challenges are you facing? How can we help?

This is when I decided to create something to help us. One of my bills focused on preventing fraud, waste, and abuse at HUD is noticed in this hearing. It is H.R. 225, HUD Transparency Act of 2025, which at last Congress passed with overwhelming support from both sides of the aisle, and it passed by voice vote on the House floor. The bill is really simple. It requires the HUD Office of Inspector General to testify annually before Congress. Again, very important. The need for this legislation is underscored by the fact that the HUD Inspector General's Office, again, had not testified since 2023.

Mr. Begg, having hearing you today—having you here today and listening to what you have said furthers my resolve for the need for this bill. My question to you is, as acting HUD IG, can you speak about the impact that pointed congressional attention in the form of a required annual HUD OIG testimony would have on HUD and the OIG's mission to help prevent fraud, waste, and abuse?

Mr. BEGG. Thank you for the question. We welcome the opportunity to come before this committee and our other committees of jurisdiction, as requested, to provide testimony. We are thrilled to have an opportunity to talk about the important work our staff is doing and also stress the need for actions that can help HUD be more successful.

Ms. DE LA CRUZ. Do you feel that, by coming here on an annual basis and bringing your concerns to our committee, that will help further support the need to stop the waste and abuse and give you the tools that you need?

Mr. BEGG. I do.

Ms. DE LA CRUZ. Excellent. Thank you.

The last question that I have in this short minute is I also introduced another piece of legislation which is ensuring access to the Whistle Protections Act to provide whistleblower protection for employees of HUD contractors, with contracts predating 2013, Section 4712, the anti-retaliation provisions. I know this is one of the first topics that you mention at the top of your management challenges report in Fiscal Year 2025.

Can you briefly share with us how important whistleblower protections are to help prevent fraud, waste, and abuses at HUD?

Mr. BEGG. Whistleblowers are critically important for identifying fraud, waste, and abuse, and the thousands of contractors that HUD utilizes have many thousands of employees who have direct knowledge of and access to information that we would want to

know about fraud, waste, and abuse. Ensuring that they are free from retaliation is key so that they feel protected to come forward. Without those protections, the chilling effect on them disclosing information that is critical to improving HUD programs is significant.

Ms. DE LA CRUZ. Thank you so much.

I yield back.

Mr. BEGG. Thank you.

Chairman MEUSER. The gentlelady yields.

The gentleman from Wisconsin, Mr. Steil, who is also the Chair of the Subcommittee on Digital Assets, is now recognized for 5 minutes.

Mr. STEIL. Thank you very much, Mr. Chairman. Thank you for holding today's hearing.

Mr. Beggs, thanks for being here. I want to talk to you about the waste, fraud, and abuse occurring in Milwaukee, Wisconsin. As you may know, \$2.8 million in rental assistance funds went for other purposes. It went to payroll, to oversight, to administrators, not to helping people in the city of Milwaukee get housing, many of whom are challenged. We face national challenges with housing right now.

I want to talk about what went on. We have a new CFO at the Milwaukee Housing Authority who I know is engaged in this and trying to get this back on track, but what are the consequences for individuals who cause the problem and what are the consequences across the board at HUD? Are people arrested? Are there charges made? What are the penalties and how did this occur for years in the city of Milwaukee before this came to light?

Mr. BEGG. Thank you for the question. We are acutely aware of the scenario in Milwaukee. It is one we have been tracking, and it is one that we have considered doing our own oversight over. Quite frankly, it is a crowded room there. There are many, many people looking at this issue now based on the status.

In terms of penalties, if employees of a housing authority are found to have misused Federal funding, we would investigate those potential crimes and refer them for prosecution. We would work with HUD's Office of General Counsel to seek to debar them from Federal programs, and we would seek any other potential administrative penalties for others involved in the actions.

Mr. STEIL. I appreciate you engaging on this and being serious. I think the new administration, the Trump-appointed Administration at HUD—we have a big opportunity to get to the bottom of the waste, fraud, and abuse because what we want to do is actually help people who are challenged and need the assistance. What we do not want to see is it going into programs that it is not designed for.

Walk me through how no penalties came to be over the course of 3 years, in particular as it relates to the 2.8 million misused funds at the Milwaukee Housing Authority.

Mr. BEGG. If you are referring to penalties from HUD, I cannot speak to their specific decision making, but they do have penalties and remedies available to them which include—can include limiting and withholding assistance to housing authorities.

Mr. STEIL. At what point does HUD apply those penalties?

Mr. BEGG. That is a discretionary function for the program offices to decide. It is a policy call for them ultimately. In many instances, they will try to work with housing authorities to get out of troubled or difficult situations where things are not going correctly before going to the penalties because, as I mentioned earlier, there are not a lot of nonFederal funds available from housing authorities to pay penalties. If you withhold new funding from them, it—

Mr. STEIL. We enter a catch-22 once there is a bad problem, which kind of brings the question of how problems like this stem and grow over a period of years before they are caught. Is there an unwillingness, do you think, in some housing authorities to correct bad behavior?

Mr. BEGG. I would not say that. What I would say is that many housing authorities are facing the same capacity challenges that HUD and its staff are facing. They frequently do not have adequate systems in place. They might not have processes in place necessary to run efficiently and effectively, and they have a large charge and, frequently, it is one that is difficult for them to manage. The problems snowball over time.

Mr. STEIL. It seems to me at least that HUD appears asleep at the wheel while this is ongoing in the city of Milwaukee and that this is not being covered and held accountable because you are exactly right. The longer it takes for this to come to light, these penalties are simply pulling money back from a system that does not have it because the money was swindled in the first place, which puts us in a catch-22 and shows the need to investigate this and hold people accountable in the first place.

Let me go big picture because I think one of the questions is, are the people who are engaged in this inappropriate behavior nervous of being caught? How often is HUD applying penalties? Is HUD arresting people and making charges across the board at housing authorities across the United States when they see this type of waste, fraud, and abuse?

Mr. BEGG. What I can tell you is our office is responsible for doing the criminal investigations, and almost half of our portfolio is dedicated to public corruption in these programs.

Mr. STEIL. How often are persons actually held accountable?

Mr. BEGG. We could point to investigative case outcomes, prosecutions, and sentencing weekly. It happens all the time. In many ways, we are only scratching the tip of the iceberg.

Mr. STEIL. That is my concern that we are only scratching the tip of the iceberg. Your words. That is my concern that we are not taking this seriously enough to root out waste, fraud, and abuse because every dollar that is wasted inside HUD is a dollar that is not going to improve housing or provide access to individuals who do need housing. I appreciate the work you are doing at HUD and others to root out this waste, fraud, and abuse.

Mr. Chairman, thank you for holding the hearing. I yield back.

Chairman MEUSER. The gentleman yields.

The gentleman from New York, Mr. Garbarino, is now recognized for 5 minutes.

Mr. GARBARINO. Thank you, Chairman.

Thank you, Mr. Begg, for coming here today.

Two thousand twenty four was a record-setting year for the New York City Housing Authority (NYCHA), not just—but it just was not for the right reason. In February 2024, 70 NYCHA current and former superintendents and staff were arrested for allegedly pocketing bribes in exchange for granting no-bid or micro-contract repair work. This 10-year, \$2-million classic pay-for-play corruption scheme was the largest number of Federal bribery arrests brought in a single day in the Department of Justice (DOJ) history and included public housing employees at developments in every borough.

The employees had the power to hand out smaller micro-purchase contracts of \$5,000 which increased to \$10,000 after 2019 that fell below the amounts that triggered competitive bidding. The contractors would then pay kickbacks to NYCHA employees who awarded the contract.

Mr. Begg, following this incident, your office released a report examining NYCHA's findings. Its mitigation processes are largely reactionary. NYCHA is the largest public housing authority in the United States, correct?

Mr. BEGG. That is correct.

Mr. GARBARINO. NYCHA receives billions of Federal funding from HUD each year?

Mr. BEGG. I believe over 3 billion.

Mr. GARBARINO. In fact, NYCHA receives over 25 percent of HUD's rental assistance funding nationwide?

Mr. BEGG. Correct.

Mr. GARBARINO. Yet, the report found that NYCHA did not assess fraud risks across the entire organization. In fact, NYCHA did not develop a process to identify fraud risks, it did not develop a response plan, and it did not implement a process to monitor and evaluate the effectiveness of fraud risk management activities. As the largest public housing authority in the United States, one would hope that they would be more organized or better organized.

Mr. Begg, I understand that varies amongst housing authorities. I worked at a law firm before I came to Congress. I represented a housing authority. We did not have this problem. I would say that—would you venture to say that these failures are common across other public housing authorities?

Mr. BEGG. I would, and with respect to NYCHA, it is a sophisticated organization. They have many things that are in place. They have a lot of anti-fraud activities that are happening across their programs. They are just not structured in a way that is coordinated across the organization and proactive. In many instances, they are actually farther along than most housing authorities. They are leading the pack, but they still have room to go. We do think that these issues are very pervasive at other housing authorities.

Mr. GARBARINO. That is kind of scary that you said that they are further along than other housing authorities, but this is still happening—it is still happening there. It just happened last year.

What can HUD do to provide more guidance when it comes to mitigating public housing authority fraud risk?

Mr. BEGG. First, they need to assess the risks in each of the programs that housing authorities operate. HUD needs to do that and identify what it sees as fraud risks and then require housing authorities to have anti-fraud programs that meet the standards that

GAO has established for Federal programs and then give them guidance on how to meet those expectations and work with them to strengthen those anti-fraud controls over time.

Mr. GARBARINO. Do the fraud risks vary by size of a housing authority or, like, is it—if they do an assessment, is it—does one cover NYCHA all the way down to a small-town housing authority, or how does—

Mr. BEGG. They do vary depending on the size. We recommended in that report that the Office of Public and Indian Housing (PIH) assess fraud risks at large housing authorities like NYCHA.

The no-bid contracts that you mentioned in a large organization where there are many of them happening all the time, it is hard to oversee low-dollar contracts, but if you are in a small housing authority that may have only a handful of people, you are not going to have that kind of traffic. At the smaller housing authorities, the issues are usually a lack of segregation of duties. One person controls the money and the accounting, and so there is no one to know whether it has gone missing.

Mr. GARBARINO. It sounds like a lack of formal guidance is a factor in the—a lack of formal guidance from HUD is a factor in this risk of fraud. How often does HUD terminate or suspend funding due to underperformance or fraudulent activity?

Mr. BEGG. I do not have the answer to that off the top of my head. I would be happy to get back to you on that.

Mr. GARBARINO. I have my last question. Public housing authorities have a governance structure. Should there be reforms over the makeup of those boards that could result in a more competent or effective board?

Mr. BEGG. I think that depends on the context in terms of governance, but I know that governance structures across the PHA space have been a challenge.

Mr. GARBARINO. I am out of time. Thank you very much for being here today. I yield back.

Mr. BEGG. Thank you.

Chairman MEUSER. The gentleman yields.

The gentleman from Texas, Mr. Green, the Ranking Member of Oversight and Investigations, is now recognized for 5 minutes.

Mr. GREEN. Thank you, Mr. Chairman.

Friends, for reasons that I shall not announce, I believe the chairman to be an honorable person, and I want to make that a part of the record today.

Mr. Begg, are there people in this country who engage in invidious discrimination when it comes to housing?

Mr. BEGG. Yes.

Mr. GREEN. Do these people engage in a form of invidious discrimination that would deny a person access to housing because of color?

Mr. BEGG. Yes.

Mr. GREEN. Is there a department within HUD that deals with this invidious discrimination?

Mr. BEGG. Yes. The Office of Fair Housing and Equal Opportunity.

Mr. GREEN. Have you heard, sir, that there is a possibility of substantial cuts in personnel in this department?

Mr. BEGG. Yes.

Mr. GREEN. Have you heard a number, sir?

Mr. BEGG. I have seen the reporting, and I think it was mentioned earlier in the hearing that 77 percent was a possibility.

Mr. GREEN. If 77 percent of the persons charged with enforcement are removed from their positions, what would this portend for people who are seeking housing without being discriminated against?

Mr. BEGG. We discussed the already strained capacity in that office earlier. A significant cut could increase the strain on capacity. What we would want to see in a plan is how HUD plans to account for that reduced staff and what other tools or alternatives would it use to prevent the capacity from going too low that it cannot perform its programmatic function.

Mr. GREEN. You mentioned a plan. Have you been presented with a plan?

Mr. BEGG. I have not.

Mr. GREEN. If I wanted to know the plan, would it be judicious to ask you or Mr. Musk? If I assume that one of you has knowledge of the plan, which of you would be better to answer the question about the plan?

Mr. BEGG. HUD is in the best position to answer what is in its plan, and it is my understanding that the plan has not been finalized in many respects yet.

Mr. GREEN. If I wanted to know the plan that Mr. Musk has that you have not been given, would it be better to ask you or Mr. Musk?

Mr. BEGG. I would not be able to speak to the plan. So, I believe, Mr. Musk.

Mr. GREEN. If I want to know about the cuts that he has in mind, would it be better to have you tell me or Mr. Musk?

Mr. BEGG. I think the same answer applies, sir.

Mr. GREEN. I think you are right, sir, and I ask the question because it is my belief that Mr. Musk should be here to talk about the cuts.

There is more involved in this than technology. We are talking about laying people off in significant numbers and, I do not think you are in a position to tell us what Mr. Musk plans to do with reference to these layoffs. I contend that he should come before this committee.

There has been some indication that you should be here or some person in your position should be here on an annual basis. Well, if Mr. Musk is a temporary employee—he is only going to be on the job about 130 days max, and then maybe he will be reinstated at a later time—but it would seem to me that temporary employee who has this awesome amount of authority, he ought to come and sit in that seat and explain what he plans to do to the lives of these people.

I do not ask you to answer anything in response to that or make any comment. I am just concerned about the way we are doing business. I am. I am concerned about how we are literally abdicating our responsibility. I am concerned about the country.

We should know that a democracy—a republic, if you will, but a democracy. This is the methodology about which you can get peo-

ple in office. A democracy is not inexpugible. It is not invictus. A democracy is a work in progress, and every time we allow a chip-ping away, we are diminishing some aspects of our democracy. The democratic way to deal with this would be to have Mr. Musk come before the committee. He knows the answers.

I yield back and thank you, Mr. Chairman.

Chairman MEUSER. The gentleman yields back.

The gentleman from Nebraska, Mr. Flood, who is also the Chair of the Subcommittee on Housing and Insurance, is now recognized for 5 minutes.

Mr. FLOOD. Thank you, Mr. Chairman.

Inspector General Begg, as the Chairman of the Housing and Insurance Subcommittee, I have significant interest in the operations of HUD and their efficiency. We need to ensure that HUD has strong processes in place to track funds once they are disbursed and prevent waste, fraud, and abuse, and I appreciate your work in outlining some of the key challenges with the agency.

I would like to focus on one program you mentioned as needing greater oversight: that is the CDBG Disaster Relief program. Given the prevalence of several large weather events and increased congressional conversation on DR funding and additional financial support, can you speak to the oversight challenges that persist at the block grant and subgrantee level for DR recipients?

Mr. BEGG. Thank you for the question. As you mentioned, disasters are occurring more frequently, and they will continue to occur more frequently. This program has grown exponentially in recent years, and the HUD systems and processes in place were not designed to oversee the DR program in the same way that it was designed to see the regular CDBG entitlement program.

The Department has done many things to try and make up for that gap. The Universal Notice that they published helped streamline the processes, and HUD has done everything within their control that they can to try to tighten up the timeliness in which funding flows out, but the system limitations and the lack of a regulatory statutory framework for the program still create a lot of risks in terms of what data is available to know whether it is working and how can we be sure that the streamlining is going to be in place when it can change over time if it is simply a HUD notice.

Mr. FLOOD. Is HUD, in your opinion—do they have, like, a robust fraud, waste, abuse management effort to make sure those things are not happening? Is there a system in place to ensure these dollars are not being wasted?

Mr. BEGG. In the Disaster Recovery program, we think they have room to improve. The Community Planning and Development Program Office does have a fraud risk specialist. They have expressed interest in working with us more on fraud risk, but they still have not assessed their particular fraud risks in that program and then come up with corrective actions to mitigate those and require grantees to do the same. Taking those first steps are really key, in our opinion.

Mr. FLOOD. In your prior testimony, you highlighted an instance where the Puerto Rico Department of Housing did not implement sufficient fraud risk management processes on 20 billion of HUD funding they received for disaster recovery and mitigation. It is re-

markable to me that \$20 billion could be awarded if the grantee does not have basic processes in place around managing fraud risks.

I think you have answered this question, but is there a need for uniform processes around fraud risk management? More importantly, would congressional authorization of the CDBG-DR program be helpful in potentially establishing some uniform requirements for dealing with fraud?

Mr. BEGG. I think the answer to both is yes. Permanent authorization is not necessarily a silver bullet to all the challenges in the program, but it would help in going a long way to standardize and reduce the variance in programs which it does, in fact, contribute to the fraud risk.

Mr. FLOOD. Have you ever put together some kind of guidelines or ideas about what that authorization should look like from the DR perspective?

Mr. BEGG. We have worked with various members over the years to provide technical assistance. We would be happy to work with your office in doing that.

Mr. FLOOD. I would encourage you to reach out to Mr. Pliemtos in my office because this is something I want to focus on, and I think the ranking member also knows it is an issue.

Moving to the HOME Investment Partnership Program, the Ranking Member, Mr. Cleaver, and I are working on reauthorizing that. Have you, in your work, seen any challenges unique to oversight of the HOME program that you would like to highlight?

Mr. BEGG. Many of the challenges that we have seen with respect to HOME are common grants management challenges. Data limitations are more kind of a standard that we see across CDBG programs. What I can say is we know that the HOME program is incredibly important to the stakeholders and the flexibilities it provides in creating solutions is very valuable.

Mr. FLOOD. Thank you very much for your testimony and for your work on behalf of the American people.

With that, Mr. Chairman, I yield back.

Chairman MEUSER. The gentleman yields.

Seeing we are ready to adjourn, I would like to thank our witnesses—witness—our only witness—for your testimony today.

Without objection, all members will have 5 legislative days within which to submit additional written questions for the witnesses to the chair. Questions will be forwarded to the witness for their response, and I ask our witnesses to please respond no later than May 13, 2025.

[The information referred to can be found in the appendix:]

I will add, this committee recognizes the Secretary of HUD, Mr. Scott Turner, as the HUD authority.

This hearing is adjourned.

[Whereupon, at 11:39 a.m., the subcommittee was adjourned.]

APPENDIX

MATERIALS SUBMITTED FOR THE RECORD

M E M O R A N D U M

To: Members of the Committee on Financial Services

From: FSC Majority Staff

Date: April 3, 2025

Subject: April 8, 2025, Oversight and Investigations Subcommittee Hearing: “Decades of Dysfunction: Restoring Accountability at HUD.”

On Tuesday, April 8, 2025, at 10:00 a.m. EDT, the Subcommittee on Oversight and Investigations will hold a hearing in room 2128 of the Rayburn House Office Building, entitled “Decades of Dysfunction: Restoring Accountability at HUD.” The following witness will testify:

- Mr. Stephen M. Begg, Acting Inspector General, U.S. Department of Housing and Urban Development

The hearing will examine the persistent waste, fraud, and mismanagement within the U.S. Department of Housing and Urban Development (HUD). This hearing will underscore the critical need for congressional oversight and review by the Department of Government Oversight and Efficiency (DOGE) to ensure transparency, accountability, and operational effectiveness within the agency. The Committee will hear the testimony of the Acting Inspector General at HUD to better understand the depths of waste, fraud, and mismanagement at the agency, while also hearing potential corrective measures.

Attached Legislation

1. **H.R. 225, HUD Transparency Act of 2025:** Similar to H.R.7280 in the 118th Congress, this bill would require the Office of Inspector General from the U.S. Department of Housing and Urban Development to testify before Congress annually.

**American Federation of Government Employees, AFL-CIO
Provided to the
House Committee on Financial Services Subcommittee on Oversight and Investigations
Hearing on Decades of Dysfunction: Restoring Accountability at HUD
Tuesday, April 8, 2025**

Chairmen Hill and Moore, Ranking Members Waters and Green, and Members of the Committee:

On behalf of the American Federation of Government Employees (AFGE), Housing and Urban Development (HUD) Council 222, I respectfully submit this statement for the record for the Subcommittee's hearing on "Decades of Dysfunction: Restoring Accountability at HUD." AFGE represents over 8,300 HUD employees, including 6,300 bargaining unit employees (BUEs), all of whom are deeply committed to HUD's mission of providing safe, affordable housing to those in need.

The ongoing, reckless attacks on HUD and its workforce—including terminations, the controversial "FORK in the road" initiative, the undermining of federal collective bargaining rights through Executive Orders, and the firing of over 50% of HUD employees—have created a crisis within the department. These measures not only harm dedicated public servants but also jeopardize the vulnerable populations who rely on HUD's services.

AFGE strongly condemns the continued erosion of the federal civil service, including at HUD, and we urge the Committee to recognize the detrimental consequences of these actions. The mass firings and budget cuts, particularly under the leadership of Secretary Turner and the Trump Administration, have crippled HUD's ability to effectively serve the American public. HUD employees are the backbone of the agency, working tirelessly to combat homelessness, promote homeownership, and create affordable housing opportunities. These workers, many of whom are veterans, deserve better than to be discarded in favor of a misguided political agenda that prioritizes the interests of a few over the needs of the many.

The Administration's decision to slash HUD's workforce by 50% is both reckless and counterproductive. Such drastic cuts have had a devastating impact on employee morale, productivity, and mental health. A recent workplace impact survey, sent to 5,300 HUD bargaining unit employees, revealed significant concerns: employees report heightened levels of distress and anxiety, difficulties maintaining work-life balance, decreased efficiency, and deteriorating mental health as a direct result of executive orders and policy shifts from the Department of Government Efficiency (DOGE). These factors have led to reduced performance, heightened uncertainty, and an overall decline in job satisfaction.

Furthermore, the potential closure of HUD field offices in cities like Detroit, Cleveland, Nashville, Memphis, Birmingham, New Orleans, and Little Rock is particularly alarming. These closures are part of a disturbing trend by the current administration to dismantle HUD's national footprint, which will undoubtedly undermine the department's ability to deliver critical services to the communities that need them most. AFGE is deeply concerned that these changes will

disproportionately harm low-income and marginalized communities across the nation, leaving them without the essential support they require.

As a result of the ongoing cuts and lack of consultation with AFGE, the department's ability to perform vital functions, including disaster recovery assistance through the Community Development Block Grant Disaster Recovery (CDBG-DR) program, is severely compromised. HUD employees are instrumental in helping communities recover from natural disasters, and reducing their numbers jeopardizes the effectiveness of recovery efforts, potentially delaying critical aid to those in need.

The recent class action lawsuit filed by four fair housing organizations against HUD and DOGE on March 13, 2025, further highlights the detrimental impact of the administration's actions on HUD's ability to enforce the Fair Housing Act. The abrupt termination of 78 Fair Housing Initiatives Program (FHIP) grants, which serve 66 organizations across 33 states, has put \$30 million in congressionally authorized funding at risk. These grants are essential for combatting housing discrimination and enforcing fair housing laws, and their sudden termination is both arbitrary and unlawful.

The lawsuit underscores the administration's disregard for due process and its failure to provide reasonable justifications for these decisions. The plaintiffs argue that the actions taken by HUD and DOGE violate the Administrative Procedure Act (APA), as the terminations were arbitrary, capricious, and unsupported by reasoned explanations.

In addition, the termination of vital contracts, such as the one for inspecting low-income and assisted housing for life-threatening deficiencies, threatens the safety and well-being of thousands of vulnerable Americans. The loss of this contract, which was responsible for inspecting over 6,000 properties, will delay essential safety checks, including the identification of hazards such as gas leaks and faulty smoke detectors. This is an unacceptable risk to tenants, many of whom are elderly or have low incomes.

The actions taken by HUD and DOGE have not only undermined the department's capacity to fulfill its mission but have also jeopardized the health and safety of the nation's most vulnerable populations. The cancellation of contracts, the firing of employees, and the abrupt termination of critical grants and inspections are short-sighted and counterproductive.

AFGE remains committed to advocating for HUD employees and the communities they serve. We strongly urge this Committee to take a stand against these harmful policies and to support efforts to restore accountability and ensure that HUD remains a vital resource for the American people.

Thank you for the opportunity to share this statement on behalf of AFGE Housing and Urban Development Council 222.

Sincerely,
Antonio Gaines

President, American Federation of Government Employees (AFGE) Housing and Urban
Development Council 222


AMERICAN FEDERATION OF GOVERNMENT EMPLOYEES, AFL-CIO

Eric Bunn Sr.
National Secretary-Treasurer

Dr. Everett B. Kelley
National President

Dr. Kendrick B. Roberson
NVP for Women & Fair Practices

April 3, 2025

Dear Representative:

On behalf of the American Federation of Government Employees (AFGE), AFL-CIO, the largest federal employee union representing over 820,000 federal and District of Columbia workers, I am writing to urge you to cosponsor H.R. 2550, the "Protect America's Workforce Act." This critical, bipartisan legislation, introduced by Representatives Jared Golden (D-ME) and Brian Fitzpatrick (R-PA), would rescind President Trump's *Exclusions from Federal Labor-Management Relations Programs Executive Order (EO)* issued on March 27, 2025, and restore collective bargaining rights to 1.5 million federal employees targeted by the EO.

President Trump's EO represents the broadest and single most aggressive action taken by the federal government against organized labor in history, dwarfing any previous action against public or private sector working Americans. The agencies covered by the executive order employ almost 70% of the federal workforce, and approximately 75% of federal workers who are voluntary members of unions, including civilian employees of the departments of Defense, State, Veterans Affairs, Justice, and Energy, and the majority of employees at the departments of Homeland Security, Treasury, Health and Human Services, Interior, and Agriculture.

With the stroke of a pen, President Trump is also destroying the modern civil service system. His EO knocks down a central pillar of the 1978 Civil Service Reform Act enshrined in Title 5 of the U.S. Code that governs the merit-based system of selecting most federal employees, protects whistleblowers, values the patriotic service of veterans, and ensures that political loyalties play no role in the hiring, promotion, and firing of the civil servants.

For almost 150 years, under both Democratic and Republican administrations, Title 5 of the U.S. Code has mandated that federal workers – including those represented by unions like AFGE – faithfully carry out the laws of Congress and serve all Americans – your constituents – without fear or favor. President's Trump's EO breaks with this noble history and opens the door to abuse and retaliation. If left unchallenged, it will be American taxpayers who suffer the most when the services they depend on deteriorate.

The Protect America's Workforce Act will restore and protect collective bargaining in the federal workplace that Title 5 has authorized for decades. We urge you to support this vital legislation and speak out in its support at every opportunity.

To cosponsor this legislation please contact Eric Kanter, eric.kanter@mail.house.gov in Representative Golden's office. For questions or more information please contact Fiona Kohrman at Fiona.Kohrman@afge.org.

Sincerely,

Daniel Horowitz
Acting Legislative Director





National Housing Resource Center
 846 North Broad Street, 2nd Floor
 Philadelphia, PA. 19130-2234

The Honorable French Hill,
 Chair, U.S. House
 Financial Services Committee
 2129 Rayburn House Office Building

The Honorable Maxine Waters,
 Ranking Member, U.S. House
 Financial Services Committee
 2129 Rayburn House Office Building

As an organization working with the 1,600 HUD approved housing the National Housing Resource Center (NHRC), we recognize that the HUD Office of Inspector General (OIG) report titled "HUD Has Challenges Measuring the Impact of Homeownership Counseling" provides helpful feedback on the HUD Comprehensive Housing Counseling program. The housing counseling programs play a critical role in assisting America's people become homeowners, avoid unnecessary foreclosures, recover from disasters, avoid homelessness, obtain safe and affordable rental housing, improve financial literacy, and strengthen their credit standing.

The OIG recommendations are aimed at improving the measurement of the impact of housing counseling programs and are summarized here:

- Define clear outcomes for prepurchase and post-purchase homeownership counseling within the Comprehensive Housing Counseling Grant Program.
- Use these definitions to set performance standards and benchmarks.
- Analyze client outcome data regularly to identify trends, measure performance, and assess the impact of counseling on homeownership progress.
- Enhance the oversight of HUD-approved housing counseling agencies to ensure alignment with these performance metrics.

NHRC recognizes the value in these recommendations and appreciates the positive response from the HUD Office of Housing Counseling to the recommendations. The housing counseling agencies are prepared to work with HUD to help define and implement improved outcomes tracking. We also want to make two recommendations to facilitate this work.

1. The critical part of improved outcomes reporting is effective data collection. HUD should make a targeted investment in improving its data collection technology to capture a comprehensive picture of program performance.

2. The enhanced oversight of HUD-approved housing counseling agencies will require adequate staffing of performance review personnel in order to communicate, review, evaluate, and provide training from the HUD Office of Housing Counseling.

We appreciate the engagement by the OIG and by the House Financial Services Committee to help improve the evaluation of the valuable work done by housing counselors across the country.

119TH CONGRESS
1ST SESSION

H. R. 225

To require the Inspector General of the Department of Housing and Urban Development to testify before the Congress annually, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

JANUARY 7, 2025

Ms. DE LA CRUZ (for herself, Mr. EMMER, Mr. ROSE, Mr. LAWLER, Mr. MEUSER, Mr. CRENSHAW, and Ms. HAGEMAN) introduced the following bill; which was referred to the Committee on Financial Services

A BILL

To require the Inspector General of the Department of Housing and Urban Development to testify before the Congress annually, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “HUD Transparency
5 Act of 2025”.

6 **SEC. 2. CONGRESSIONAL TESTIMONY.**

7 Not later than October 1 of each year, the Inspector
8 General of the Department of Housing and Urban Devel-
9 opment shall appear before the Committee on Financial

1 Services of the House of Representatives and the Com-
2 mittee on Banking, Housing, and Urban Affairs of the
3 Senate and present testimony on the Office of Inspector
4 General's—

5 (1) efforts to detect and prevent fraud, waste,
6 and abuse;

7 (2) ability to conduct and supervise audits, in-
8 vestigations, and reviews;

9 (3) actions to identify opportunities for the pro-
10 grams of the Department of Housing and Urban
11 Development to progress and succeed;

12 (4) recommendations to improve overall effi-
13 ciency and public accountability;

14 (5) assessment of the extent to which the De-
15 partment of Housing and Urban Development has
16 resources sufficient to carry out its statutory mis-
17 sion; and

18 (6) ongoing activities regarding any such addi-
19 tional work, as appropriate.

○