

Senator Mark Koran – Opening Statement

Mr. Chair, members, thank you for the work you're doing to investigate and stop the large-scale, systemic fraud that Minnesota is experiencing under Democrat Governor Tim Walz. I appreciate the opportunity to share my insight on the fraud I've seen in my 9 years as a Minnesota state Senator and member of the Legislative Audit Commission.

The Legislative Audit Commission is a bipartisan commission, and I was appointed to it my first year in the Senate. The LAC appoints the Legislative Auditor, a nonpartisan position whose job is to hold state agencies accountable. The Auditor reviews programs across state government and flags misuse of taxpayer dollars, noncompliance, and violations.

I've spent 9 years overseeing that work and I can tell you plainly that most of those audits are bad. One of the most common failures is state agencies not verifying that grant recipients did the work they were paid to do.

Two weeks ago, the Auditor found something she said she had never seen in her 27-year career. State employees were backdating and fabricating documents after an audit had already started to mislead auditors.

The fraud in Minnesota is pervasive and systemic from the executive branch through state agencies. Even when the Legislature puts safeguards in place, they are often ignored, and there are rarely any real consequences.

After 9 years on the Legislative Audit Commission, I have seen this up close. Which is why, as I look at the broader fraud crisis, I want to start by making three things clear:

First: The billions of dollars of fraud in Minnesota is devastating our social services programs and communities, particularly children, vulnerable Minnesotans, the elderly, and the legitimate providers who earn their livelihood caring for these communities.

Second: Governor Tim Walz and his administration, including Attorney General Keith Ellison, have overseen the largest expansion and fastest acceleration of fraud this country has ever seen. They have repeatedly ignored data and warnings from legislators and nonpartisan audits, they've retaliated against whistleblowers for exposing fraud, and they've actively attempted to block and disrupt anti-fraud efforts.

And third: Because of the failure of Gov. Walz and Minnesota Democrats to address fraud, we welcome the federal government stepping in to uncover and stop the fraud in Minnesota and protect state and federal tax dollars.

Governor Walz and Minnesota Democrats' fraud crisis is either a result of gross incompetence or willful complicity, and I think it's both. The devastation of this incompetence and complicity totals far more dollars than the media, Gov. Walz, or Democrats admit to the public. It's not millions, it's not hundreds of millions, it's billions of dollars stolen.

As for the perpetrators stealing money from children, the elderly, and the people who rely on social services to live a normal life, their actions are unequivocally un-American. While justice should not discriminate against one specific community, whether the criminal is from Minnesota, Philadelphia, or Somalia, make no mistake that the fraudsters discriminate against just one community: Americans.

This targeted discrimination to swindle funds and pirate social programs from the United States has to be stopped.

But it's critical that as the fraud is investigated and prosecuted, legitimate businesses and providers are not also punished for the illegal actions of some. So as we direct our hindsight toward addressing the crisis, we also have to take measures to stop the fraud before it starts.

Minnesota Republicans have been exposing the rampant fraud in state programs for many years now, talking with whistleblowers, and proposing new safeguards to stop fraud. Increased eligibility checks and incentives from the federal government to reduce error rates will help ensure the programs are there for those who need them most.

What's clear is that our state agencies need stricter oversight. Last year in the Senate, we passed bipartisan legislation to create an anti-fraud office—the Office of Inspector General—an independent, nonpartisan office designed to identify, investigate, and prosecute fraud. This effort was blocked by Democrats in the House, but it remains our top priority going into this session.

Hindsight measures, like the OIG and federal oversight, combined with foresight measures like drastically improved eligibility determination, will help protect taxpayer dollars and get it to the programs that need it most, not into the hands of criminals who betray our goodwill and take advantage of our generosity.

I appreciate your time and careful attention to the fraud crisis in Minnesota. It has only been because of the national spotlight that our leaders have begun to admit the fraud problem is as dire as it is.

Minnesota is ground-zero for the fraud epidemic, but we can become a blueprint for how to prevent fraud if the right actions are taken. I hope that our leaders will work with the federal government to be able to move forward from this dark stain on our state's history.

Thank you.