

**To:** Fraud Prevention and State Agency Oversight Policy Committee

**From:** Bill Glahn, Policy Fellow

**Subject:** Selected Fraud and Waste Tracker Spreadsheet

**Date:** January 24, 2025

Committee Members,

You will have received a document labeled “American Experiment’s Selected Minnesota Fraud and Waste Tracker.” It catalogs 24 examples, totaling more than \$550,000,000 of fraud and waste against state government dating back to 2019.

It is **not** a definitive list or total of **all** fraud and waste occurring over that period, which easily could reach into the billions of dollars.

No such definitive list exists, and no one in a position to create one has any incentive to do so.

Nor does the tracker include obvious government scandals during this period involving massive government waste, such as MNSURE, MNLARS and the Southwest Light Rail project, to name just a few.

For the most part, this list tracks examples where groups of individuals and/or corporations (for-profit and nonprofit) have organized to defraud state government on an industrial scale.

For dollar-amount estimates, I have relied on third-party figures from prosecutors (U.S. Attorney, MN Attorney General), the Office of the Legislative Auditor (OLA), or other government agencies.

Most of the examples involve programs overseen by the state Dept. of Human Services (DHS).

The most egregious example, of course, is Feeding Our Future, overseen by the state Dept. of Education. The second courtroom trial (Federal court) in that sprawling scandal will begin on February 3.

Some perspective. Feeding Our Future is only one of many nonprofits (but the biggest) involved in free-food fraud during the two-year period 2020 through 2021.

Using figures from the OLA and MDE, I calculated that during the peak period of the scandal (FY 2021) just Feeding Our Future (a single corporation) received 42 percent of all the money distributed that year by MDE for free food to hundreds of nonprofits.

Add in the next two largest nonprofits shut down for noncompliance, and the total rises to over 2/3 (70 percent) of all the money going out the door.

Two other items I'd like to highlight in reference to the tracker list.

The online publication MN Reformer has documented how about half of the Feeding Our Future defendants had other state contracts where they continued to receive millions of dollars in payments from state government, even after the scandal broke.

Services include (but are not limited to) childcare, adult day care, autism clinics, and personal care assistance (PCA) programs.

The PCA program, by its nature, poses a significant oversight challenge. There are between 100,000 and 200,000 people registered to provide services to some 40,000 clients in a \$1 billion annual program.

I'm happy to answer any questions you may have.

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