

Assessing Elon Musk Misleading Claims And Lies About Fraud in Government Spending

The world's richest man made inaccurate claims about entitlement fraud, how a government payment system works and government survey costs.

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Reporting from Washington

Elon Musk, the billionaire leading a government efficiency initiative, has for weeks made broad and unsupported claims of rampant fraud in federal spending.

In a series of interviews on conservative podcasts and television interviews, Mr. Musk has defended attempts by the so-called Department of Government Efficiency to target popular entitlement programs like Social Security and access sensitive payment systems with a series of inaccurate claims. A representative for DOGE did not respond when asked for evidence of Mr. Musk's claims.

Here's a fact-check.

WHAT WAS SAID

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This lacks evidence. Unauthorized immigrants are not eligible for most federal safety
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net benefits, and there is no evidence to suggest they are committing fraud en masse to
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obtain them. In fact, a number of independent and government analyses suggest that the opposite is true: Unauthorized immigrants pay more into Social Security and Medicare than they receive in federal benefits.

Federal law bars unauthorized immigrants from receiving Social Security or Medicare benefits, as well as most other federal government assistance programs, but they do pay taxes. (Immigrants, including those who those received asylum, refugee or humanitarian parole status, may be [eligible for more programs.](#))

In a 2013 report, the Social Security Administration estimated that 3.1 million unauthorized immigrants were working and paying Social Security taxes, contributing about [\\$12 billion to the trust in 2010](#) and [about \\$100 billion](#) over a decade. A 2016 study estimated that unauthorized immigrants contributed about [\\$35.1 billion to Medicare](#) from 2000 to 2011.

A [2024 study from the Institute for Taxation and Economic Policy](#), a left-leaning think tank, found that unauthorized immigrants paid nearly \$100 billion in federal, state and local taxes in 2022, including \$25.7 billion in Social Security taxes and \$6.4 billion Medicare taxes.

And the Congressional Budget Office [estimated last summer](#) that the surge in immigration from the 2021 to 2026 period would actually decrease the federal deficit by \$0.9 trillion over a decade. The budget office projected that those recent migrants and their children will receive \$0.3 trillion in federal benefits, but they will more than offset those costs by bolstering tax revenues by \$1.2 trillion. (The \$0.3 trillion, too, was an estimate of benefits these immigrants legally qualify for, not fraud.)

There is no evidence of mass entitlement fraud perpetrated by unauthorized immigrants. A 2018 report from the Niskanen Center, a libertarian-leaning think tank, [noted that](#) since 2011, there were fewer than 100 annual prosecutions of unauthorized immigrants where fraud was the leading charge.

Unauthorized immigrants [“unambiguously”](#) benefit Social Security and Medicare, but legalizing their status would harm both programs. The group [has also argued](#) that one group legally receiving some benefits — immigrants fleeing troubled nations granted [humanitarian parole, a temporary legal status](#) — would “for all intents and purposes be illegal aliens, were it not for the abusive parole practices of the Biden administration.” This is a critique of policy choices though, not an accusation of entitlement fraud.

WHAT WAS SAID

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This is misleading. Mr. Musk repeatedly misrepresented the findings of that 2024 report from the Government Accountability Office.

The watchdog agency [projected that the federal government](#) lost between \$233 billion and \$521 billion annually to detected and undetected fraud during the 2018 to 2022 fiscal years. The estimate also was governmentwide, and not limited to fraud in entitlement programs or fraud committed using false Social Security numbers. The report gave several other examples of fraud like falsifying invoices, trafficking benefits and overbilling.

It was unclear whether Mr. Musk was arguing that the report was issued under the Biden administration or if all the fraud occurred under the Biden administration, but the time covered in the report included about three years under the Trump administration and over a year and a half under the Biden administration.

The accountability office [also estimated this month](#) that \$162 billion in improper payments — which includes but is not limited to fraud — from 16 federal agencies that reported data. Medicare and Medicaid were, by far, the largest sources, totaling some \$85 billion in improper payments. The vast majority of those improper payments occurred because of insufficient documentation or billing that did not demonstrate sufficient medical necessity, according to both [the accountability office](#) and [inspector general's office at the Department of Health and Human Services](#). Neither watchdog agency mentioned the misuse of Social Security numbers.

Federal agencies and watchdog organizations have long recognized that Social Security number misuse and identity theft are serious issues. But credible estimates of fraud committed using fake or stolen Social Security numbers do not come close to half a trillion dollars annually or 10 percent of expenditures, as Mr. Musk asserted.

A review of a random sample of identity verification transactions for government programs in 2024 by TransUnion, a major credit bureau, found that 2 percent of transactions involved a Social Security number previously used for a death benefit, 0.4 percent involved a number with an unusual number of inquiries for a short time span and 0.1 percent involved an identity flagged as a high synthetic identity risk, according

to Greg Schlichter, the director of research and consulting for TransUnion's public services sector.

This amounts to "fraud risk exposure of hundreds of millions of dollars for some programs," Mr. Schlichter said, adding that entitlement programs were more susceptible to fraud and government agencies could institute more robust fraud detection without sacrificing access to benefits.

[A February report](#) from the Social Security Administration's inspector general's office found that the agency issued \$32.8 billion in overpayments from the 2020 to 2023 fiscal year, including \$13.6 billion from the main Social Security program and \$19.2 billion from the supplemental program for some older, blind and disabled people. About 4 percent of overpayments in the main program were issued after death and 3 percent for those who obtained benefits fraudulently or were not American citizens. (Certain immigrants, such as lawfully admitted permanent residents, are [eligible for some Social Security benefits](#), but the agency stops those payments if the immigrant lives abroad for more than six months.)

And separately the Pandemic Response Accountability Committee, a panel of inspectors general, [estimated in 2023](#) that nearly 70,000 questionable Social Security numbers were used to obtain stimulus benefits totaling more than \$5.4 billion.

WHAT WAS SAID

This is misleading. A federal judge in New York in late February [barred members of the DOGE team](#) from regaining access to the sensitive payment systems operated by the

Treasury Department's Bureau of the Fiscal Service, but Mr. Musk continues to criticize one of those systems.

The Payment Automation Manager, or PAM, is a payment processing system developed [over a decade ago](#) to streamline payments across the government and standardize fiscal data to provide better transparency. It issues checks and deposits for the vast majority of federal payments including Social Security benefits and tax refunds. PAM processed over [\\$4.7 trillion](#) in payments in the 2024 fiscal year.

Government watchdogs have found issues with payment traceability across the federal government, and specific ledger lines in PAM may not include the level of detail Mr. Musk is requesting. But he is wrong that those payments amount to “untraceable blank checks” and Mr. Musk has provided no evidence that omitting those details has caused \$100 billion annually in improper payments.

Contrary to Mr. Musk's claims, PAM [requires agencies](#) to submit payment data in a standard format and include a “Treasury Account Symbol” and “Business Event Type Code,” which identify an individual appropriation or fund account.

In fact, DOGE and the Bureau of the Fiscal Service used TAS codes to identify foreign aid payments for the State Department to review and halt under Mr. Trump's broad funding freeze, according to a [February sworn statement](#) from [Tom Krause](#), a software executive recently appointed as an assistant secretary at the Treasury Department.

Mr. Krause, an ally of Mr. Musk's, also said that many Type B payments — which he described as “lower value, higher volumes” ones — processed in PAM are missing TAS codes. Mr. Krause noted that this has hampered the accuracy of the Treasury

Department's bookkeeping. (The Treasury Department did not respond to a request for more detail.)

Type B payments are made in bulk, and details are provided for the entire batch, not for individual payments, [according to the Treasury Department](#).

The Government Accountability Office, in annual audits, has identified "significant" deficiencies in how the government keeps track of these payments. Some federal agencies submit identification codes at a summary level, record transactions without the codes in their own ledgers, or revise data after submitting — all of which make it difficult for the Bureau of the Fiscal Service to track individual payments across different government ledgers.

There has been progress in improving governmentwide traceability of individual payments, [the accountability office said in its latest report](#), and the Bureau of the Fiscal Service has said it hoped to enact a uniform way of recording payments by the 2029 fiscal year, but would need the cooperation of other agencies to do so.

Neither the Government Accountability Office nor Mr. Krause has estimated that lack of reporting detail in PAM leads to \$100 billion annually in improper payments.

Nathan Tankus, an expert on payment systems who has [reported extensively](#) on the Bureau of the Fiscal Service, questioned Mr. Musk's figure. "The only way to get to \$100 billion is to facilitate [impoundment](#)" and give PAM the power to stop congressionally appropriated payments, he said.

"But that's not the purpose of the system," Mr. Tankus said. "We want it to process payments as long as they're valid payments authorized by Congress, just like we want

our bank to process our payments at the local grocery store without going, 'Huh? Why are you spending \$200 at the grocery store? What about \$150 instead?'"

WHAT WAS SAID

other member of the DOGE team

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Interior Department, not just one 10-

[the Interior Department](#) was

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[s own list of terminated contracts](#) as of

anceled on DOGE's website were a Labor

Department [contract to survey agricultural workers](#) (potential value of \$32 million), a

Department of Veterans Affairs [contract for customer service surveys](#) of medical

disability exams (value of up to \$20 million) and another [Veterans Affairs contract](#) for a

patient satisfaction survey (value up to \$16 million).

The DOGE database, [which has repeatedly included numerous errors](#), lists about \$442 million worth of Interior Department contracts, with savings of about \$144 million. That includes about \$7 million worth of surveys with savings of about \$400,000, the largest of which was a [\\$2 million contract](#) to help the Agriculture Department conduct surveys about food stamps.

Public government spending databases show about [\\$87 million of contracts](#) with award language referring to the Federal Consulting Group since the 2010 fiscal year. It is possible that the group was involved in other contracts canceled by DOGE but was not cited in award language. For example, the group works with a [private company to administer surveys](#) tracking satisfaction with federal services across a number of agencies. That company has received [about \\$4 million to \\$5 million annually in contracts](#).